BERJAYA

# BERJAYA FOOD BERHAD

(Company No. 876057-U)

## ANNUAL REPORT 2013

Kenny Rogers ROASTERS Deliciously Healthy

Less fat...Less salt...Less calories...

STARBUCKS®

Jollibean®

We've bean spreading joy


# Contents



The rotisserie-roasted chicken is KRR's main core menu item complemented with hot and cold side dishes.


One of Starbucks Malaysia's drive-thru concept stores in Tanjung Tokong, Penang.


Freshly made soy milk is Jollibean's signature product.

# CORPORATE PROFILE

Berjaya Food Berhad ("BFood") was incorporated in Malaysia on 21 October 2009. It was converted into a public limited company on 3 December 2009. BFood was listed on The Main Market of Bursa Malaysia Securities Berhad on 8 March 2011. As part of The Listing Scheme, Berjaya Roasters (M) Sdn Bhd ("BRoasters") was acquired and became a wholly-owned subsidiary of BFood in January 2011.

BRoasters is engaged in the development and operation of the Kenny Rogers Roasters ("KRR") chain of restaurants in Malaysia. On 26 July 2011, BFood entered into a conditional joint venture agreement with PT Mitra Samaya, Indonesia, PT Harapan Swasti Sentosa, Indonesia and PT Boga Lestari Sentosa, Indonesia ("PT Boga") to develop and operate the KRR franchise in Java Island and Bali, Indonesia under PT Boga.

On 19 July 2012, BFood completed the acquisition of 11,500,000 ordinary shares of RM1.00 each, representing 50% equity interest in Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") for a cash consideration of RM71.7 million. The remaining 50% equity interest is held by Starbucks Coffee International, Inc ("SCI"). On 9 August 2012, BFood completed its Rights Issue and the 115,081,760 new shares and 115,081,760 warrants arising from the Rights Issue was listed on the Main Market of Bursa Malaysia Securities Berhad on 13 August 2012.

On 7 December 2012, BFood acquired 100% equity interest in Jollibean Foods Pte Ltd, Singapore ("Jollibean Foods") for a cash consideration of RM19.02 million. On 13 March 2013, BFood incorporated a new wholly-owned subsidiary, Berjaya Jollibean (M) Sdn Bhd.

**Kenny Rogers Roasters**

BFood's holding company, Berjaya Group Berhad ("BGroup") effectively holds the worldwide KRR franchise following BGroup's acquisition of KRR International Corp, USA in April 2008. There are currently 79 KRR restaurants across Malaysia.

The Group's restaurants feature rotisserie-roasted chicken as their main core product complemented by a variety of hot and cold side dishes and KRR's famous muffins, jacket potatoes, vegetable salads, pasta, soups, desserts and beverages served in a friendly and comfortable environment. All KRR restaurants serve their customers in a full service, mid-casual dining setting with free "Wi-Fi" services, providing customers with a wholesome dining experience. The Group also introduced KRR Catering & Delivery and opened the first KRR drive-thru outlet in Asia at Setia Tropika, Johor Bahru.

**Starbucks**

Starbucks in Malaysia is operated by BStarbucks, a joint-venture between SCI and Berjaya Group Berhad. From its first store opening in Kuala Lumpur on 17 December 1998, BStarbucks has expanded to Sabah and Sarawak and will celebrate its 15th year of operations in December 2013. BStarbucks has more than 146 stores nationwide and is recognized as the leading specialty coffee company and industry benchmark in Malaysia.

BStarbucks also introduced its first drive-thru concept store in December 2009 in Johor Bahru and opened another 4 drive-thru concept stores in Shah Alam, Cyberjaya, Petronas PLUS Serdang and Penang. In 2012, it opened its first suburban store in Seri Manjung, Perak.

**Jollibean**

Jollibean Foods was incorporated in November 1993. Presently, there are a total of 29 "Jollibean" outlets, 3 "Kopi Alley", 12 "Sushi Deli" outlets and 1 "DanGo" outlet in Singapore.

Jollibean's signature products are its fresh daily made "Jollibean" soy milk drinks using Grade A, organic, Canadian soy beans. It also introduced 'All-in-one Drink and Snack' concept stores where it complements its Jollibean soya milk products with local finger food such as the "Jollipancake".

"Kopi Alley" is a homegrown cafe restaurant ala hawker food style. "Sushi Deli" basically serves freshly cut salmon fish in sashimi, sushi, hand rolls and salad. "DanGo" offers a variety of Japanese *kushiyaki* cuisine which is grilled meat on bamboo skewers and *yaki onigiri* (grilled triangular rice balls).

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Robin Tan Yeong Ching**
Executive Chairman

**Dato' Lee Kok Chuan**
Chief Executive Officer

**Tan Thiam Chai**
Non-Independent Non-Executive Director

**Datuk Zainun Aishah Binti Ahmad**
Independent Non-Executive Director

**Dato' Mustapha Bin Abd Hamid**
Independent Non-Executive Director

## AUDIT AND RISK MANAGEMENT COMMITTEE

Datuk Zainun Aishah Binti Ahmad
*Chairman/Independent Non-Executive Director*

Dato' Mustapha Bin Abd Hamid
*Independent Non-Executive Director*

Tan Thiam Chai
*Non-Independent Non-Executive Director*

## SECRETARIES

Su Swee Hong
(MAICSA No. 0776729)

Gan Swee Peng
(MAICSA No. 7001222)

## SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 06-03, Level 6, East Wing
Berjaya Times Square
No.1, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-2145 0533
Fax: 03-2145 9702

## AUDITORS

Ernst & Young (AF: 0039)
Chartered Accountants

## REGISTERED OFFICE

Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-2149 1999
Fax: 03-2143 1685

## PRINCIPAL BANKERS

AmBank (M) Berhad

Malayan Banking Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

## STOCK SHORT NAME

BJFOOD (5196)

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

# PROFILE OF DIRECTORS

## DATO' ROBIN TAN YEONG CHING

*39 years of age, Malaysian*
*Executive Chairman*

He was appointed as a Director and Executive Chairman of the Company on 20 May 2010. He is also a member of the Remuneration Committee and Employees' Share Option Committee.

He graduated with a Bachelor of Social Science degree in Accounting/Law from the University of Southampton, United Kingdom, in 1995. He joined Berjaya Group Berhad in 1995 as an Executive and subsequently became the General Manager, Corporate Affairs in 1997.

Currently, he is the Chairman and Chief Executive Officer of Berjaya Corporation Berhad, Chief Executive Officer of Berjaya Sports Toto Berhad and an Executive Director of Sports Toto Malaysia Sdn Bhd. He is also the Chairman of Berjaya Media Berhad, Sun Media Corporation Sdn Bhd and Informatics Education Limited, Singapore and a Director of Atlan Holdings Bhd, Berjaya Sompo Insurance Berhad, Berjaya Golf Resort Berhad, KDE Recreation Berhad, Berjaya Roasters (M) Sdn Bhd and Berjaya Starbucks Coffee Company Sdn Bhd. He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

His father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.

## DATO' LEE KOK CHUAN

*54 years of age, Malaysian*
*Chief Executive Officer*

He was appointed as a Director and Chief Executive Officer of the Company on 20 May 2010. He is also the Chairman of the Employees' Share Option Committee.

He graduated with a Bachelor of Economics (Accounting Major) from Monash University, Melbourne, in 1983 and is a Fellow Member of the Institute of Chartered Accountants in Australia. He has over 10 years of working experience in the fields of accounting, auditing and corporate services with major international accounting firms including Messrs Ernst & Whinney (Kuala Lumpur) (now known as Ernst & Young), Messrs Arthur Young (Melbourne) and subsequently Messrs Ernst & Young (Melbourne). He joined Berjaya Land Berhad as Senior Manager, Internal Audit in 1994 and was responsible for its internal audit functions. He was an Executive Director of Berjaya Group Berhad from January 2000 to September 2001.

He is currently a Director of Silver Bird Group Berhad, Berjaya Capital Berhad, Berjaya Auto Berhad and Berjaya Roasters (M) Sdn Bhd. He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

# PROFILE OF DIRECTORS

## TAN THIAM CHAI

*54 years of age, Malaysian*
*Non-Independent Non-Executive Director*

He was appointed to the Board on 20 May 2010 as a Non-Independent Non-Executive Director. He is also a member of the Nomination Committee and Audit and Risk Management Committee.

He graduated with a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman and also completed The Association of Chartered Certified Accountants (UK) professional course in 1981. He is a Fellow member of the Association of Chartered Certified Accountants (UK) since 1990 and also a member of the Malaysian Institute of Accountants.

He started work with an accounting firm in Kuala Lumpur for about 2 years and thereafter served in various Finance and Accounting positions with the Hong Leong Group of Companies in Malaysia as well as in Hong Kong for about 8 years. He joined the Berjaya Corporation group of companies in early 1991 as a Finance Manager of an operating subsidiary and was promoted to Operation Manager later that year. In 1992, he was transferred to the Corporate Head Office of Berjaya Group Berhad to head the Group Internal Audit function and subsequently in 1993, he was promoted to oversee the Group Accounting function of Berjaya Group Berhad.

Currently, he is the Chief Financial Officer of Berjaya Corporation Berhad. He is also an Executive Director of Berjaya Land Berhad and Berjaya Assets Berhad, a Director of Atlan Holdings Bhd, Magni-Tech Industries Berhad, Indah Corporation Berhad, Cosway Corporation Berhad, Cosway Corporation Limited (Hong Kong) and Taiga Building Products Ltd (Canada).

He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

## DATUK ZAINUN AISHAH BINTI AHMAD

*67 years of age, Malaysian*
*Independent Non-Executive Director*

She was appointed to the Board as an Independent Non-Executive Director on 20 May 2010. She is the Chairman of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. She is also a member of the Employees' Share Option Committee.

She graduated with a Bachelor of Economics degree from University Malaya. She began her career and worked with Malaysian Industrial Development Authority ("MIDA"), the Malaysian government's principal agency for the promotion and coordination of industrial development in the country for 35 years. In her 35 years of service, she has held various key positions in MIDA as well as in some of the country's strategic council, notably her pivotal role as the National Project Director in the formulation of the first Malaysian Industrial Master Plan. She was the Director-General of MIDA for 9 years and Deputy Director-General for 11 years. Whilst in MIDA, she also sat on various committees/ authorities at national level, including being a member of the Industrial Coordination Act Advisory Council, Defence Industry Council and National Committee on Business Competitiveness Council, Malaysia Incorporated and the National Project for Majlis Penyalarasan Perindustrian before retiring in September 2004.

She was previously a Director of Tenaga Nasional Berhad and Malayan Banking Berhad and resigned on 7 June 2004 and 22 July 2009 respectively. Currently, she is a Director of Degem Berhad, Scomi Engineering Berhad, Pernec Corporation Berhad, Shell Refining Company (Federation of Malaya) Berhad and British American Tobacco (Malaysia) Berhad.

# PROFILE OF DIRECTORS

## DATO' MUSTAPHA BIN ABD HAMID

*60 years of age, Malaysian*
*Independent Non-Executive Director*

He was appointed to the Board as an Independent Non-Executive Director on 20 May 2010. He is also a member of the Nomination Committee, Remuneration Committee and Audit and Risk Management Committee.

He graduated from the Royal Military College in 1972 and went on to obtain a Bachelor Degree (Honours) in Social Science from Universiti Sains Malaysia, Penang, in 1977, and a Diploma in Public Management from the National Institute of Public Administration Malaysia (more common known as INTAN) in 1978. He started his career as an Administrative and Diplomatic Officer of the Research Division in the Prime Minister's Department and was posted as the First Secretary of the Malaysian Embassy in Paris, France (1982-1985). During his 16 years in the public service sector, he was also the Consul of Consulate General Malaysia in Medan, Indonesia (1990-1993) and the Principal Assistant Director in the Prime Minister's Department (1993-1994). He is also a Director of Teo Guan Lee Corporation Berhad and Acmar FHP Group Berhad. He also holds directorship positions in several other private limited companies.

Save as disclosed, none of the Directors have:-

1. any family relationship with any Director and/or major shareholder of the Company;
2. any conflict of interest with the Company; and
3. any convictions for offences within the past 10 years other than traffic offences.

# CHAIRMAN'S STATEMENT

**On behalf of the Board of Directors of Berjaya Food Berhad ("BFood"), I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 April 2013.**

## FINANCIAL RESULTS

For the financial year ended 30 April 2013, BFood registered a higher revenue of RM121.92 million as compared to revenue of RM88.60 million in the previous year. Pre-tax profit increased to RM21.40 million from RM14.64 million in the previous year. The higher revenue was mainly due to higher sales recorded as a result of additional Kenny Rogers Roasters ("KRR") restaurants operating in the financial year under review, the full effect of consolidating the revenue of PT Boga Lestari Sentosa ("PT Boga") in Indonesia, and the consolidation of revenue (effective December 2012) of Jollibean Foods Pte Ltd ("Jollibean Foods") in Singapore. The increase in pre-tax profit was mainly due to the share of results from Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") for the period from July 2012 to April 2013.

## DIVIDEND

For the financial year ended 30 April 2013, the Group declared and paid a total dividend of 3.5 sen or 7% single-tier exempt dividend per share.

The total dividend paid was approximately RM9.16 million which represented approximately 49.18% of the attributable profit of the Group for the financial year ended 30 April 2013.

## SIGNIFICANT CORPORATE DEVELOPMENT

On 7 December 2012, BFood acquired 100% equity interest in Jollibean Foods for a total cash consideration of SGD7.50 million (equivalent to about RM19.02 million) ("Acquisition"). Jollibean Foods holds the rights to develop, operate and manage outlets under the brand names of "Jollibean", "Sushi Deli", "Kopi Alley", "DanGo" and "JFreeze by Jollibean".

KRR's Pumpkin Soup.

KRR's "I-Care Box".

A Jollibean outlet in Singapore.

## CORPORATE SOCIAL RESPONSIBILITY ("CSR")

BFood and its subsidiaries strive to enrich the lives of the less fortunate by bringing meaningful change and positive impact to the communities it serves.

**Reaching Out and Giving Back to the Communities**

As a brand that advocates healthy living through its "less fat…less salt…less calories…" tagline, Berjaya Roasters (M) Sdn Bhd ("BRoasters") is committed to its mission in promoting and encouraging healthy living among Malaysians while not forgetting the less fortunate in the communities.

Since the inception of its Community Chest Campaign, BRoasters continued to give back to society through various CSR initiatives such as its annual ROASTERS Chicken Run and Wishing Tree campaign, as well as visits to children's and old folk's homes.


Dato' Francis Lee, CEO of Berjaya Food Berhad presenting the proceeds from the Roasters Chicken Run 2013 to Malaysian artiste, Lee Sinje, co-founder of Little Yellow Flower Foundation.

# CHAIRMAN'S STATEMENT


(From second left) Mr E'ajis Haji Jaafar, Head of Kampung Lubuk Jaya; Mr Sydney Quays, Managing Director of BStarbucks and Ms Katy Lee, Executive Director of HOPE Worldwide Malaysia during the launch of the 'Connecting Communities' project.

BStarbucks' cleaning excursion at Taman Tasik Shah Alam.

The ROASTERS Chicken Run 2013 saw more than 4,000 participants from all walks of life. The charity event raised RM65,000 for The Little Yellow Flower (previously known as Hope Education Foundation) to support its Nutrition, Lunch and Tuition programme benefiting children from urban poor families. This programme provides needy children with daily nutritional meals, extra tuition lessons and reading materials as part of the initiatives to help break the cycle of poverty through education. To date, this unique charity fun run event has raised more than RM425,000 for various charitable organizations.

Running for the 8th consecutive year, the annual *Wishing Tree* campaign, which grants simple wishes of underprivileged children during the year end festive season, has benefited more than 9,000 underprivileged children nationwide.

In conjunction with BStarbucks' 15th anniversary in Malaysia, BStarbucks launched its 'Connecting Communities' programme in April 2013 which aims to create a scalable community project that contributes to small, local farming villages. Working in collaboration with Persatuan Kebajikan HOPE Worldwide Kuala Lumpur, the project aims to raise funds for banana farming communities at Kampung Lubuk Jaya, Kuala Selangor. Through this programme, BStarbucks purchases raw banana fruits from the local farmers to produce food items retailing at all Starbucks stores nationwide. Sale proceeds from these products will be channelled to building a community computer centre for the children of Kampung Lubuk Jaya which is expected to be ready by December 2013.

BStarbucks also collaborated with HOPE Worldwide to open a free pediatric clinic in Penang in May 2005. The clinic provides specialist pediatric care to children from urban poor families.

Throughout the month of April 2013, BStarbucks celebrated its 3rd annual Global Month of Service which witnessed its partners and customers contributing a total of 18,993 community service hours on 32 different local community service activities. These activities, which addressed the needs of the communities, included tree planting, beach cleaning, community park clean up, zoo cleaning, landscaping and adopting libraries in orphanages nationwide.

In addition, BRoasters and BStarbucks together with Berjaya Corporation Berhad presented *The Producers-The Musical* in support of local performing arts.

**Workplace**

As BFood continues to expand its business network, workforce and geographical reach, there is a compelling need to groom and nurture our employees as well as the next generation of leaders. To this end, employees are continuously encouraged and motivated through various company activities, training and development programmes such as the Annual Business Plan Meeting, Leadership Convention, sports competitions, teambuilding activities as well as incentives and reward programmes.

**Small Step to Care for the Environment**

To help encourage the message of green consciousness and minimize the impact on the environment, green products such as KRR's "I-Care Box" and "I-Care Bag" and Starbucks' reusable tumblers were introduced. Since the introduction of KRR's "I-Care Box" in November 2011, more than 110,000 units were sold to our customers.

**Group Synergy**

Besides organizing its own CSR activities, BFood and its subsidiaries also supported CSR activities driven by Berjaya Cares Foundation at the Berjaya Corporation Group ("Berjaya") level.

One significant event was the 3rd annual Berjaya Founder's Day which was celebrated on 23 February 2013 at Berjaya Times Square. The family day themed event saw active participation from BRoasters' senior management staff who coordinated more than 30 carnival food stalls catering to more than 20,000 Berjaya employees and their family members. BRoasters also contributed 1,000 Kenny's special quarter meals while BStarbucks contributed more than RM30,000 worth of beverages which were a huge hit among the carnival goers.

The highlight of the event was the contribution of RM20.2 million to 74 charitable organizations by Berjaya's founder Tan Sri Dato' Seri Vincent Tan, Better Malaysia Foundation and Berjaya Cares Foundation. The charitable organizations which benefited from the contribution included those involved in causes for the community, education, healthcare, international humanitarian aid, local performing arts as well as environmental awareness and animal protection.

# CHAIRMAN'S STATEMENT

KRR senior management and staff helped to serve approximately 20,000 Berjaya employees and their family members from the mobile restaurant, Roasters On The Move at Berjaya Founder's Day 2013.

## FUTURE PROSPECTS

The Malaysian economy recorded GDP growth of 4.3% in the first 6 months of 2013. Malaysia's economic growth in the second half of 2013 is expected to be moderate supported by domestic growth of private consumption and the ongoing projects under the Economic Transformation Plan (ETP) implemented by the Malaysian government.

The increase in disposable income will encourage Malaysians to spend on dining out and delivery services especially for the urban working community who lead busy lifestyles. The Group has made a significant move by introducing new concept stores like the drive-thru outlets, kiosks as well as delivery service to cater to the needs of the urban working community. Many Malaysians are also becoming increasingly discerning on food quality and seek healthier options as well as more diversified offerings. The variety of food and beverage offerings under the Group are able to cater to various types of tastes among the young and old alike.

Malaysia, being a relatively low-expense tourist destination, has also attracted tourists' expenditure on food and beverage. Most of the Group's food and beverage outlets which are located in popular tourist destinations such as Penang, Johor Bahru, Melaka and Kuala Lumpur will benefit from increasing tourist arrivals.

The diversity of the Malaysian food service landscape has opened a wide market opportunity for different global brands to enter the local food & beverage industry and provided opportunities for franchise business investments. With the new addition of Jollibean Foods, the Group foresees its potential business in the near future to be a mix of modern branding and traditional food. The first Jollibean kiosk in Malaysia is expected to open in the second quarter of financial year 2014.

PT Boga has opened another 7 new KRR restaurants in Indonesia during the financial year under review and the Group is reviewing its expansion plan to open another 12 to 15 new restaurants in the financial year 2014.


Jollibean's first kiosk in Malaysia is scheduled to open in the 2nd quarter of financial year 2014.

In order to sustain the growth of brand equity, the Group will continue to focus on customer retention through aggressive promotional activities and opening more new outlets in popular locations.

BRoasters and BStarbucks will continue to offer special promotions through KRR BCard and Starbucks Card respectively to drive customer loyalty and spending frequency. BStarbucks will also use e-commerce, e-gifting and social media engagement to create and increase brand affiliation. BStarbucks targets to open a total of 18 new outlets with 8 drive-thru outlets.

The Board of Directors expects that its business plan of opening additional restaurants in Malaysia and Indonesia in the financial year 2014 as well as the share of results from BStarbucks will enhance the Group's performance going forward.

## APPRECIATION

On behalf of the Board, I would like to thank all our loyal customers for their support of our food & beverage brands under the Group. I would also like to thank our business partners for their support and cooperation.

My heartfelt appreciation goes to my fellow colleagues on the Board and management team, as well as the front line staff for their hard work and dedication in sustaining the growth of the Group. I believe we can achieve many more successes together and continue expanding the brand equity of the Group further.

**Dato' Robin Tan Yeong Ching**
Executive Chairman

9 September 2013

Starbucks Setia Alam, Shah Alam, Selangor.

# **MANAGEMENT**
# DISCUSSION & ANALYSIS

## BERJAYA ROASTERS (M) SDN BHD

### Overview

Berjaya Roasters (M) Sdn Bhd ("BRoasters") is a wholly-owned subsidiary of Berjaya Food Berhad ("BFood"). Incorporated in 1994, BRoasters is the master franchisee for the Kenny Rogers Roasters ("KRR") chain of restaurants in Malaysia.

BRoasters operates a total of 79 KRR restaurants across Malaysia with at least 15 more restaurants in the pipeline for nationwide expansion in the year 2013 and 2014.

### Revenue

Revenue for BRoasters increased by 11.28% to RM95.7 million in the financial year ended 30 April 2013. The increase was mainly due to the opening of 9 new restaurants during the financial year.

### Profit Before Tax

BRoasters' profit before tax decreased to RM15.4 million from RM16.3 million in the previous financial year.

Although sales increased during the financial year, the profit before tax registered a decrease of 2.8% compared to the previous financial year, mainly due to higher operating costs and lower sales growth for existing restaurants.

### Profit After Tax

The profit after tax decreased by RM1.27 miilion, mainly due to higher tax expense. The effective tax rate for the financial year ended 30 April 2013 was 26.3%, which was slightly higher than the statutory tax rate of 25.0%, mainly attributable to the under-provision of deferred taxation in the previous year.

### Strategy

BRoasters will continue with its outlet expansion strategy to add 12 to 15 more outlets, especially in secondary townships. It will also expand its delivery and catering business.

KRR outlet in Berjaya Times Square Kuala Lumpur.


Selection of side dishes from KRR.

## PT BOGA LESTARI SENTOSA

### Overview

PT Boga Lestari Sentosa ("PT Boga") in Indonesia was incorporated in June 2006 to manage the development and operation of the KRR chain of restaurants in Java Island. PT Boga is currently operating 16 KRR restaurants across Indonesia in Surabaya, Medan, Jakarta, Tangerang, Cibubur and Bogor.

### Revenue

PT Boga registered a revenue increase of 64% from RM6.9 million in the previous financial year to RM11.3 million in the financial year ended 30 April 2013. The increase was mainly due to the opening of 7 new outlets during the financial year, from 9 outlets in the previous year.

### Loss Before Tax

The loss before tax increased to RM2.8 million for the financial year ended 30 April 2013 compared to the previous financial year of RM1.4 million loss. The increase was mainly due to start up costs from opening new outlets.

### Liquidity and Financial Resources

In view of the expansion plan in Indonesia, PT Boga requires banking facilities to support the capital expenditure for the openings of another 12 to 15 restaurants. The capital investment would be supported by BFood.

### Future Outlook

The food and beverage industry in Indonesia has become very competitive and challenging due to the presence of many local food and beverage players, many of whom are also venturing into international franchise businesses.

Despite these challenges, PT Boga will strive to achieve further growth through the opening of new restaurants, the introduction of new and varied food offerings and more aggressive marketing and promotional activities in the financial year 2014.

# MANAGEMENT
# DISCUSSION & ANALYSIS

## JOLLIBEAN FOODS PTE LTD

**Business Review**

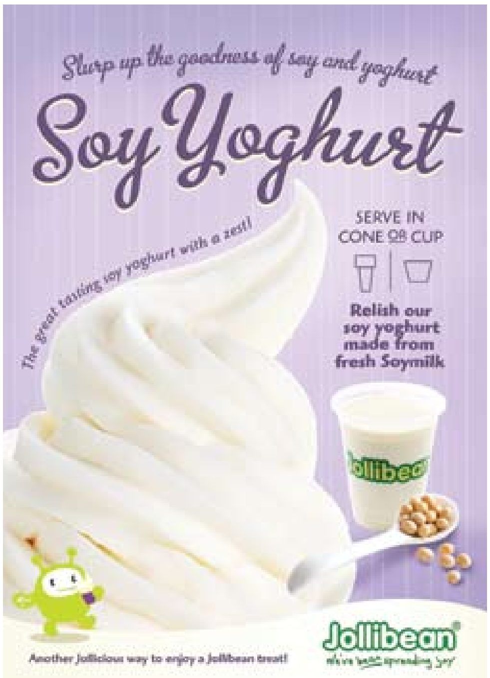
Jollibean Foods Pte Ltd ("Jollibean Foods") is a wholly-owned subsidiary of BFood. Jollibean Foods holds the sole and exclusive worldwide rights to develop, operate and manage all outlets, stalls and kiosks under the brand name of "Jollibean", "Sushi Deli", "Kopi Alley", "DanGo" and "JFreeze by Jollibean".

For the financial year ended 30 April 2013, BFood consolidated about 5 months of the results of Jollibean Foods.

Jollibean Foods has 45 outlets in Singapore and is in the midst of opening 3 to 5 outlets in Malaysia. The first Jollibean kiosk in Kuala Lumpur is expected to open in the second quarter of the financial year 2014.

Jollibean Foods will continue to expand on its product offerings, and standardize its operational procedures to improve on food production and quality.

Jollibean's Maru Pancakes.




Starbucks Petronas PLUS drive-thru, Serdang, Selangor.

## BERJAYA STARBUCKS COFFEE COMPANY SDN BHD

**Business Review**

Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") is 50%-owned by BFood whilst the remaining 50% equity interest is held by Starbucks Coffee International, Inc.

Share of profits of BStarbucks consolidated at BFood was RM9.05 million for the financial year under review. BStarbucks currently has more than 146 Starbucks outlets across Malaysia, an increase from 124 in the previous year. It has 5 drive-thru outlets which are located in Shah Alam, Cyberjaya, Serdang, Johor Bahru, and Penang, and opened its first suburban outlet in Seri Manjung, Perak in 2012.

BStarbucks will continue to strive to achieve a double digit profit growth with plans to open new outlets, and targets sales growth of more than 10% for its existing outlets.

BStarbucks' expansion plans include the introduction of new concept stores such as its drive-thru outlets, and strategic programmes aimed at increasing revenue such as its Summer Happy Hours and Ramadan "Buy One Get One" promotions, and the introduction of innovative food and beverage product offerings. BStarbucks will focus on the Starbucks Card to create brand loyalty and encourage frequency visits to its outlets. It will also engage with customers through e-commerce, e-gifting and social media channels to increase brand affiliation.

Starbucks' VIA™ Ready Brew sachets.

# AWARDS AND MARKETING & PROMOTIONS

The BRoasters management team at the Putra Brand Awards 2013.

## AWARDS RECOGNITION

The awards received by the respective brands of the Group were a great achievement and encouragement to strengthen the Group's brand equity in the Malaysian food landscape.

Kenny Rogers Roasters ("KRR") was awarded the Bronze Medal in the Retail – Fast Food Category at the Putra Brand Awards 2013. KRR was also awarded the BrandLaureate Best Brands Award under the category of Food and Beverage – Rotisserie-roasted Chicken for three consecutive years since 2010.

Starbucks Malaysia was awarded the BrandLaureate Best Brands – Corporate Branding – Food and Beverage (Premium Coffee) award for 3 consecutive years from 2007.

KRR received the BrandLaureate Best Brands Award 2012-2013 in Food and Beverage Rotisserie-roasted chicken category.

The newly acquired Jollibean Foods Pte Ltd ("JFPL") in Singapore also received significant awards such as the Superbrands Singapore Consumers Choice Award in 2006 and Singapore Prestige Brand Award for three consecutive years from 2008 to 2010.

## NEW CONCEPT STORES

The Group has been progressively expanding its brands nationwide and outside Malaysia through new restaurant openings in popular tourist destinations. In order to bring more convenience and a better customer service experience to the customers, the Group introduced new concept stores like the drive-thru concept store and the easy reachable kiosk.


The first KRR drive-thru outlet in Asia is located in Setia Tropika, Johor Bahru.

Starbucks' first suburban store in Seri Manjung, Perak offers a cozy environment to suburbanites.

# AWARDS AND MARKETING & PROMOTIONS

In February 2013, BRoasters opened its very first drive-thru outlet in Setia Tropika, Johor Bahru. Roasters Catering and Delivery is another concept specially catered for customers who lead a busy lifestyle. With its "Park, Cook, Serve" concept, the Roasters On The Move ("ROTM") mobile restaurant is suited for a variety of events which require outdoor catering, serving up to 200 guests.

BStarbucks has implemented the drive-thru concept since 2009. To date, BStarbucks has opened 5 drive-thru stores in Malaysia. BStarbucks has also penetrated the suburban market with its first suburban store in Seri Manjung, Perak.

The Group is currently planning to set up Jollibean kiosks in Malaysia, with the first outlet scheduled to open in the second quarter of financial year 2014. These new store or kiosk openings are targeted to reach out to more customers nationwide and generate more revenue for the Group.

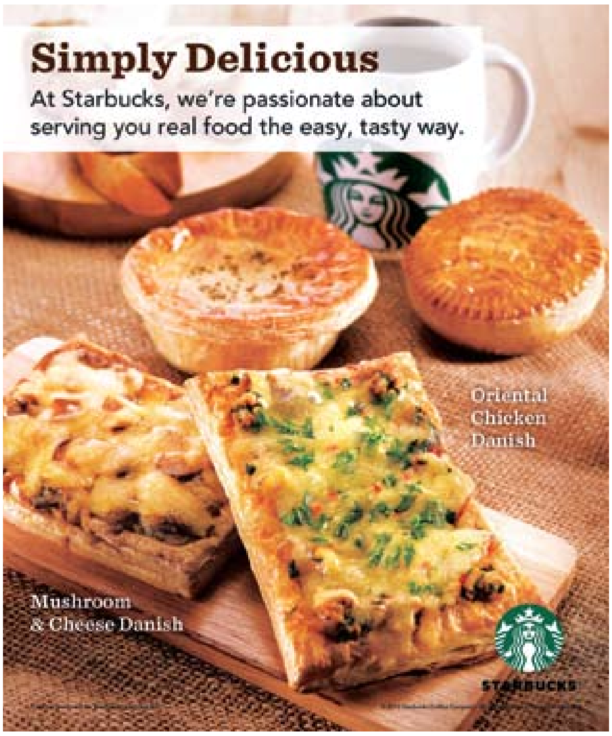
## INNOVATIVE AND HEALTHY MENU OFFERINGS

Customers' satisfaction is the primary objective of the Group and the Group is committed to promoting healthy, quality and innovative menu offerings.

BRoasters consistently adds variety to KRR's core menu by introducing seasonal food items such as the Kenny's Balinese Chicken, Kenny's Dynasty Chicken, Kenny's Oriental Chicken and Kenny's Rock N Roll.

In March 2013, BStarbucks implemented a food revamp exercise with the introduction of 23 new food products consisting of cakes, desserts, sandwiches and pastries.

Jollibean's soy milk uses premium soya beans from Canada. Jollibean complements its soy milk with other soy-based snacks such as soya bean curd, soya ice-cream, soya pudding and pancakes filled with an assortment of fillings.




BStarbucks undertook a food revamp with introduction of new innovative food products.


Jollibean's soya bean curd with palm sugar.

Kenny's Rock N Roll meal is one of the seasonal food items added to KRR's core menu.

# AWARDS AND
# MARKETING & PROMOTIONS

Jollibean's pancakes filled with an assortment of fillings complement its soy milk drinks.

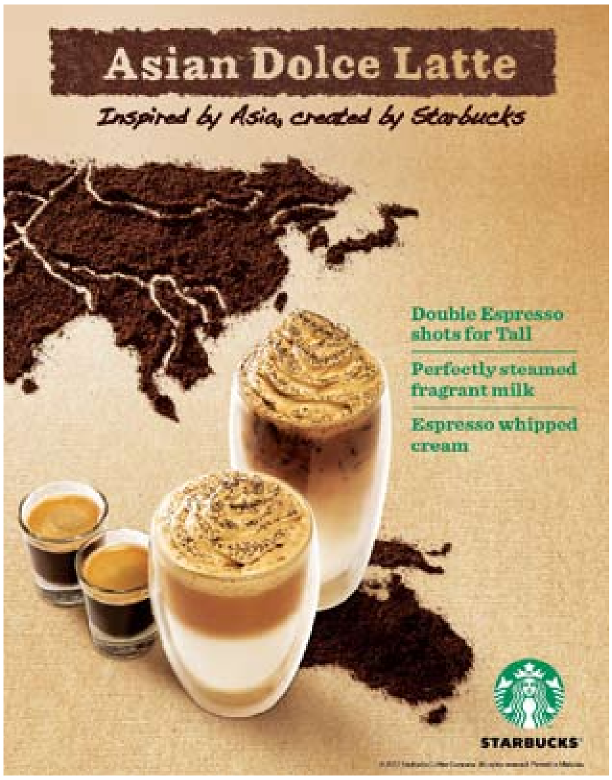
## MARKETING & PROMOTION ACTIVITIES

In order to remain competitive, the marketing teams of the Group's respective brands are constantly engaged in various marketing and promotions activities through different types of promotional channels. Loyalty programmes were introduced by the respective brands to retain customer loyalty.

Since the launch of Roasters Eating Day ("RED") in 2011, the annual RED Day promotion of a "buy one free one" Kenny's quarter meal has received encouraging feedback from customers. RED is also aimed at promoting the awareness of healthy eating among the public. Other promotional offers that received positive feedback were KRR's seasonal food promotions, classics promotion and festive season promotion. In March 2013, BStarbucks Malaysia launched Asian Dolce Latte, a new promotional beverage with an Asian twist. Other promotional offers were its Summer Happy Hours, Ramadan "Buy One Get One" and seasonal merchandise.

The KRR BCard was launched in October 2010 and many special promotions are offered on a periodical basis to KRR BCard members. Customers can use the loyalty card to collect points and redeem food items at KRR restaurants in Malaysia. BRoasters collaborated with banks and retail partners to offer discounts and special promotions to their card members.

BStarbucks also launched its Starbucks Card, a stored value card with loyalty rewards. One million Starbucks Card activations were achieved in less than 18 months from the launch. To provide convenience for customers, an online reload function for the Starbucks Card was launched in




BStarbucks introduced various promotional offers such as the new promotional beverage – Asian Dolce Latte.

March 2013. This online function contributed a consistent additional reload value for BStarbucks' loyalty programme.

With the convenience of advanced technology, customers can go online anytime anywhere. BRoasters and BStarbucks have actively engaged with their customers through social media channels such as Facebook and Twitter.

The annual RED Day promotion held on 9 January 2013 received good response.

# CORPORATE STRUCTURE
as at 30 August 2013

**BERJAYA FOOD BERHAD**

- 100% **Berjaya Roasters (M) Sdn Bhd**
- 100% **Berjaya Food (International) Sdn Bhd**
  - 51% **PT Boga Lestari Sentosa, Indonesia**
  - 100% **Jollibean Foods Pte Ltd**
- 50% **Berjaya Starbucks Coffee Company Sdn Bhd**
- 100% **Berjaya Jollibean (M) Sdn Bhd**
- 100% **Berjaya Food Management Services Sdn Bhd**

# GROUP FINANCIAL SUMMARY

| DESCRIPTION | 2013 USD'000 | 2013 RM'000 | 2012 RM'000 | 2011 RM'000 | 2010 RM'000 | 2009 RM'000 |
|---|---|---|---|---|---|---|
| Revenue | 40,256 | 121,915 | 88,598 | 71,938 | 60,415 | 51,896 |
| Profit Before Tax | 7,065 | 21,395 | 14,635 | 12,575 | 10,401 | 13,588 |
| Profit For The Year | 5,707 | 17,283 | 10,984 | 10,193 | 8,680 | 12,614 |
| Profit Attributable To Shareholders | 6,151 | 18,628 | 11,126 | 10,193 | 8,680 | 12,614 |
| Share Capital * | 43,098 | 130,522 | 71,738 | 70,883 | 70,674 | 70,674 |
| Reserves * | 4,037 | 12,226 | (15,667) | (20,090) | (30,487) | (39,167) |
| **Net Equity Funds** | **47,135** | **142,748** | **56,071** | **50,793** | **40,187** | **31,507** |
| Non-controlling Interests | 357 | 1,082 | 2,533 | – | – | – |
| **Total Equity** | **47,492** | **143,830** | **58,604** | **50,793** | **40,187** | **31,507** |
| Long Term Liabilities | 1,674 | 5,071 | 4,097 | 2,982 | 1,837 | 1,559 |
| Current Liabilities | 5,998 | 18,164 | 16,670 | 10,507 | 7,965 | 8,785 |
| **Total Equity and Liabilities** | **55,164** | **167,065** | **79,371** | **64,282** | **49,989** | **41,851** |
| Property, Plant & Equipment | 9,984 | 30,236 | 25,335 | 19,010 | 19,601 | 17,964 |
| Intangible Assets | 5,286 | 16,008 | 1,340 | 986 | 986 | – |
| Investment and Other Non-Current Assets | 26,463 | 80,144 | 108 | – | – | – |
| Current Assets | 13,431 | 40,677 | 52,588 | 44,286 | 29,402 | 23,887 |
| **Total Assets** | **55,164** | **167,065** | **79,371** | **64,282** | **49,989** | **41,851** |
| Net Assets Per Share (US$/RM) | 0.18 | 0.55 | 0.39 | 0.36 | 0.28 | 0.22 |
| Net Earnings Per Share (Cents/Sen) | 2.70 | 8.17 | 7.83 | 7.21 | 6.14 | 8.92 |
| Dividend Rate (%) | 7.00 | 7.00 | 9.00 | 6.00 | – | – |
| Net Dividend Amount (USD'000/RM'000) | 3,025 | 9,161 | 6,433 | 4,257 | – | – |

**Notes:**

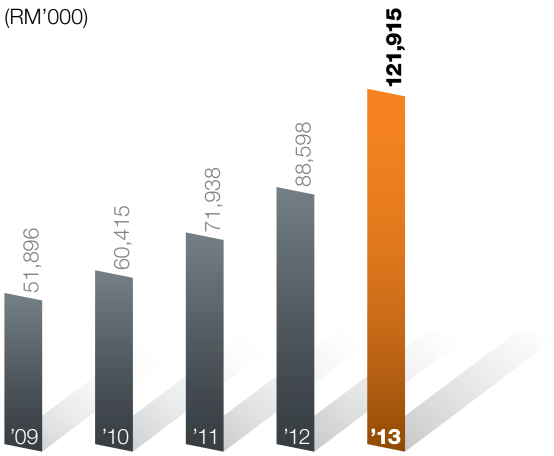
Figures for 2009-2013 are for 12 months ended 30 April. Where additional shares are issued, the earnings per share are calculated based on a weighted average number of shares.

* In applying merger method of accounting, comparative figures in the consolidated financial statements are restated as if the issue of shares for the acquisition of Berjaya Roasters (M) Sdn Bhd had taken place as at the earliest date presented.

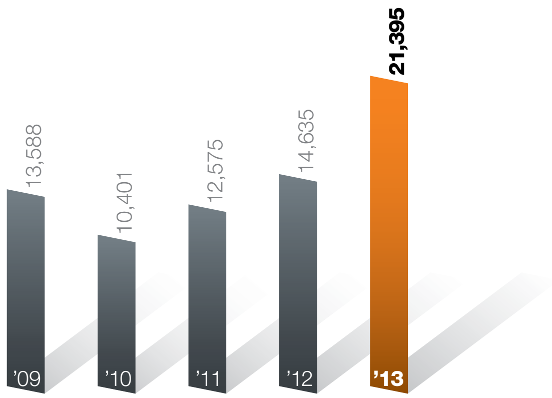
Exchange rate: US$1.00 = RM3.0285

# GROUP FINANCIAL HIGHLIGHTS

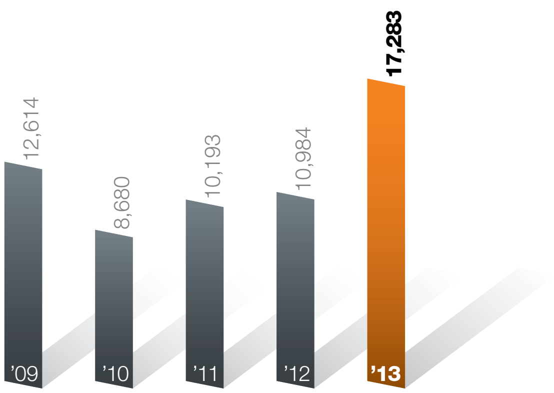
## REVENUE
(RM'000)



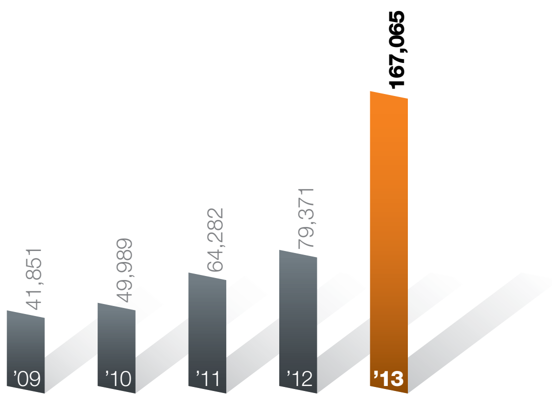

## PROFIT BEFORE TAX
(RM'000)



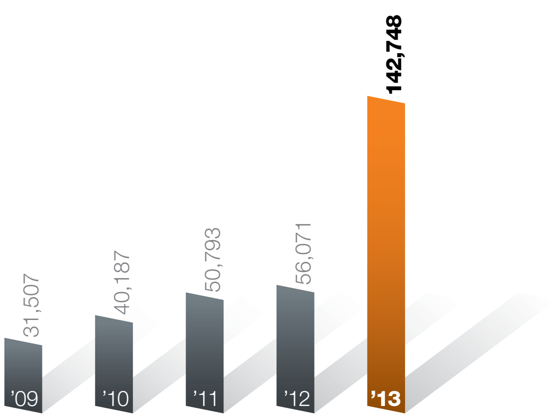

## PROFIT FOR THE YEAR
(RM'000)



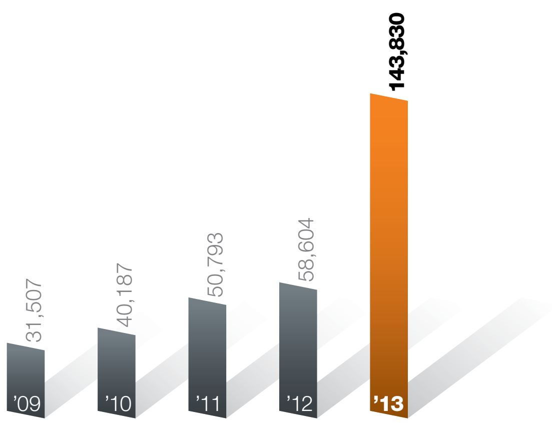

## TOTAL ASSETS
(RM'000)




## NET EQUITY FUNDS
(RM'000)




## TOTAL EQUITY
(RM'000)



# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Berjaya Food Berhad recognises the importance of corporate governance in ensuring that the interest of the Company and shareholders are protected. The Board is committed in ensuring that the Group carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year unless otherwise stated.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

**Clear Functions of the Board and Management**

The Board's role is to control and provide stewardship of the Group's business and affairs on behalf of shareholders.

The Board has delegated to the Executive Chairman and the Chief Executive Officer ("CEO") the day-to-day management of the Group. The Executive Chairman is responsible for the executive function of the management of the Company's business while the CEO leads the senior management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group.

Non-Executive Directors are not involved in the day-to-day management of the Group but contribute their particular expertise and experience to developing the business strategy. Their various roles in the Board Committees will contribute towards the enhancement of the corporate governance and controls of the Group.

**Board Roles and Responsibilities**

The Board assumes the following principal roles and responsibilities in discharging its fiduciary and leadership function:-

(1) Review, evaluate, adopt and approve the strategic plans and policies for the Company and the Group;

(2) Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Company and the Group;

(3) Review and adopt budgets and financial results of the Company and the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;

(4) Review and approve any major corporate proposals, new business ventures or joint ventures of the Group;

(5) Review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group;

(6) Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;

(7) Establish and oversee a succession planning programme for the Company and the Group including the remuneration and compensation policy thereof;

(8) Establish, review and implement corporate communication policies with the shareholders and investors, other key stakeholders and the public;

(9) Review and determine the adequacy and integrity of the internal control systems and management information of the Company and the Group; and

(10) Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management.

The Board is supported by the committees that provide independent oversights of management and to ensure that there are appropriate checks and balances. These Board Committees are:-

(i) Audit and Risk Management Committee

(ii) Nomination Committee

(iii) Remuneration Committee

(iv) Employees' Share Option Committee

The Board Committees have their roles and functions, written terms of reference and authorities clearly defined. The Board reviews the terms of reference of the Board Committees periodically to ensure their relevance.

Other committees may be formed from time to time as dictated by business imperatives and/or to promote operational efficiency.

**Formalise ethical standards through Code of Ethics**

The Board has adopted a Code of Ethics for Directors ("Code"). The Code was formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors.

The Group also has in place a Code of Conduct covering Business Ethics, workplace safety and employee personal conducts. This is to ensure a high standard of ethical and professional conduct is upheld by all its employees in the performance of their duties and responsibilities. All employees are required to declare that they have received, read and understood the provisions of the Code of Conduct.

**Strategies promoting sustainability**

The Board views the commitment to sustainability and environmental, social and governance performance as part of its broader responsibility to clients, shareholders and the communities in which it operates. The details of the sustainability efforts are set out in the Corporate Social Responsibility statement of this Annual Report.

**Access to information and advice**

The Directors have full and timely access to information concerning the Company and the Group. The Directors are provided with the relevant agenda and Board papers in sufficient time prior to Board meetings to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers include reports on the Group's financial, operational and corporate developments and proposals.

The Board is supported by suitably qualified, experienced and competent Company Secretaries who are also members of a professional body. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution and advises the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary.

The Directors have access to the advice and services of the Company Secretaries and the senior Management staff in the Group and they may also obtain independent professional advice at the Company's expense in furtherance of their duties.

**Board Charter**

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the roles and responsibilities of the Board.

The Board Charter is subject to review by the Board annually to ensure that it remains consistent with the Board's objectives and responsibilities. The Board Charter is also available on the Company's website at www.berjaya.com.

## 2. STRENGTHEN COMPOSITION

**Nomination Committee**

The role of the Nomination Committee is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, experience and personal characteristics.

The Nomination Committee makes independent recommendations to the Board on suitable candidates for appointment to the Board. The Nomination Committee comprises exclusively of Non-Executive Directors, with a majority of them being independent. Currently, the members are as follows:-

| | |
|---|---|
| Datuk Zainun Aishah Binti Ahmad | – Chairman/Independent Non-Executive Director |
| Dato' Mustapha Bin Abd Hamid | – Independent Non-Executive Director |
| Tan Thiam Chai | – Non-Independent Non-Executive Director |

The Nomination Committee also conducts annual review of the structure, size and composition of the Board, including the balance mix of skills, knowledge, experience and independence of the Non-Executive Directors.

**Develop, maintain and review criteria for recruitment and annual assessment of Directors**

<u>Appointment to the Board and Re-election of Directors</u>

The Board delegates to the Nomination Committee the responsibility of recommending the appointment of any new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and also appointments are made on merit. In evaluating the suitability of candidates to the Board, the Nomination Committee shall ensure that the candidates selected possess the necessary background, skills, knowledge, experience and personal characteristics.

The Company's Articles of Association provides that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting ("AGM") and that all Directors shall retire once in every three years, and are eligible to offer themselves for re-election. The Articles of Association also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment.

Pursuant to Section 129(6) of the Companies Act, 1965, a Director who is over seventy (70) years of age shall retire at the AGM of the Company, and may offer himself/herself for re-appointment to hold office until the next AGM.

The Nomination Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment.

<u>Annual Assessment</u>

The Nomination Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The evaluation process also involved a peer and self review assessment, where Directors assessed their own and also their fellow Directors' performance. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

<u>Boardroom Gender Diversity</u>

The Board is supportive of gender diversity recommendations made in the MCCG 2012 as the Board currently has one (1) female Director out of five (5) Directors, representing 20% of the full Board. The Board is comfortable with its current composition.

**Remuneration policies and procedures**

The Remuneration Committee currently comprises the following members:-

Datuk Zainun Aishah Binti Ahmad – Chairman/Independent Non-Executive Director

Dato' Mustapha Bin Abd Hamid – Independent Non-Executive Director

Dato' Robin Tan Yeong Ching – Executive Chairman

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the executive directors. The determination of the remuneration for the Non-Executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package.

Details of Directors' remuneration paid or payable to all Directors of the Company by the Group and categorised into appropriate components for the financial year ended 30 April 2013 are as follows:-

| | RM | | | |
|---|---|---|---|---|
| | FEES | SALARIES AND OTHER EMOLUMENTS | BONUS | TOTAL |
| Executive | – | 360,008 | 102,000 | 462,008 |
| Non-Executive | 60,000 | 8,600 | – | 68,600 |
| | **60,000** | **368,608** | **102,000** | **530,608** |

The number of Directors of the Company in office at the end of the financial year who received remuneration from the Group and their remuneration falling within the respective bands are as follows:-

| | NUMBER OF DIRECTORS | |
|---|---|---|
| | EXECUTIVE | NON-EXECUTIVE |
| RM1 – RM50,000 | – | 2 |
| RM450,001 – RM500,000 | 1 | – |
| | **1** | **2** |

## 3. REINFORCE INDEPENDENCE

**Annual Assessment of Independence**

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other communities in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, assesses the Independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The current Independent Directors of the Company namely, Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Listing Requirements of Bursa Securities. The Company also fulfills the requirement to have at least one-third of its Board members being Independent Non-Executive Directors.

**Tenure of Independent Directors**

The Company does not have term limits for its Independent Directors as the Board believes that continued contribution provides benefits to the Board and the Company as a whole. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as an Independent Director. Currently, none of the Independent Directors had served the Company for a cumulative term of 9 years.

**Separation of positions of the Chairman and Chief Executive Officer**

The Chairman of the Company is currently also holding an executive position and he is responsible for the executive function of the management of the Company business. The Board is aware that it is not in compliance with the best practices of the MCCG 2012 which recommends that the Chairman of a company shall be a non-executive independent director.

However, the Board is satisfied with the executive capacity of the Chairman in view of his experience and knowledge of the food business of the Group, and his directorship in the principal subsidiary of the Company, namely, Berjaya Roasters (M) Sdn Bhd. The presence of the Independent Directors, though not forming a majority of the Board members, is sufficient to provide the required checks and balances on the decision making process of the Board. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

The Executive Chairman is elected by the Board and will preside at all Board meetings and general meetings of the Company. The Executive Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

**Board Composition and Balances**

The Board composition represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities. The Board currently has five (5) members comprising the Executive Chairman, the CEO, two (2) Independent Non-Executive Directors and one (1) Non-Executive Non-Independent Director. The profiles of the Directors are set out on pages 3 to 5 of this Annual Report.

The present composition of the Board is in compliance with Chapter 15.02 of the Listing Requirements of Bursa Securities of at least 1/3 of its members being Independent Directors.

Datuk Zainun Aishah Binti Ahmad has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

## 4. FOSTER COMMITMENT

**Time Commitment**

The Board meets regularly on a quarterly basis with additional meetings being convened as necessary. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

During the financial year ended 30 April 2013, the Board met five (5) times and the attendances of the Directors at the Board meetings are as follows:-

| DIRECTORS | ATTENDANCE |
|---|---|
| Dato' Robin Tan Yeong Ching | 5/5 |
| Dato' Lee Kok Chuan | 4/5 |
| Tan Thiam Chai | 5/5 |
| Datuk Zainun Aishah Binti Ahmad * | 5/5 |
| Dato' Mustapha Bin Abd Hamid * | 5/5 |

* denotes Independent Non-Executive Director

All Board members are required to notify the Chairman of the Board before accepting new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

**Directors' Training**

All the Directors have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars and/or forums so as to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

During the year, the seminars and conferences attended by the Directors are as follows:-

| DIRECTORS | SEMINARS/CONFERENCES |
|---|---|
| Dato' Robin Tan Yeong Ching | • New Transfer Pricing Rules<br>• Global Sports Summit 2012 |
| Dato' Lee Kok Chuan | • The key components of establishing and maintaining world-class audit committee reporting capabilities<br>• Managing corporate risk and achieving internal control through statutory compliance |
| Tan Thiam Chai | • Role of the Audit Committee in Assuring Audit Quality<br>• Transfer Pricing Update Training<br>• Duties of the Audit Committee<br>• Corporate Integrity System Malaysia: CEO Dialogue Session<br>• Malaysia Code on Corporate Governance 2012<br>• Managing Corporate Risk and Achieving Internal Control through statutory compliance<br>• Revised Shariah Screening Methodology<br>• Related Party Transaction<br>• Sustainability Training for Directors and Practitioners |
| Datuk Zainun Aishah Binti Ahmad | • Corporate Governance Blueprint & Malaysian Code of Corporate Governance 2012<br>• Case Studies for Boardroom Excellence<br>  – Fraud Detection & Prevention-A Necessity, Not A Choice<br>• Directors Continuing Education Forum<br>  – Corporate Commercial Law Updates<br>  – Corporate Fraud in Malaysia and Control Health Check<br>  – Corporate Governance and Whistleblowing<br>  – Security: Kidnapping and Extortion |
| Dato' Mustapha Bin Abd Hamid | • ICAEW technical session on the Chief Financial Officer role<br>• The key components of establishing and maintaining world-class audit committee reporting capabilities<br>• Managing Corporate Risk and Achieving Internal Control through statutory compliance |

The Board will on a continuous basis, evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

**Compliance with Applicable Financial Reporting Standards**

The Board strives to provide a clear, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, through the annual audited financial statements and quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with the Listing Requirements of Bursa Securities.

The Board is also responsible for ensuring the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and the applicable financial reporting standards in Malaysia.

The Board is also assisted by the Audit and Risk Management Committee ("ARMC") in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high quality financial reporting. A full ARMC Report detailing its composition, terms of reference and a summary of activities during the financial year is set on pages 27 to 30 of this Annual Report.

**Statement of Directors' Responsibility in respect of the Financial Statements**

The Companies Act 1965 ("the Act") requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows of the Company and of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable financial reporting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Act and applicable financial reporting standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Assessment of external auditors**

The ARMC is responsible for the annual assessment of the competency and independence of the external auditors. Having assessed their performance, the ARMC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

The external auditor are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors have provided the declaration in their annual audit plan presented to the ARMC of the Company.

## 6. RECOGNISE AND MANAGE RISKS

**Sound framework to manage risks**

The Board entrusts the ARMC with the overall responsibility to regularly review and monitor risk management activities of the Group and to approve appropriate risk management procedures and measurement methodologies.

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

**Internal Audit Function**

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard shareholders' investments and the Group's assets.

The internal audit function of the Company is provided by the Internal Audit Division of the ultimate holding company, Berjaya Corporation Berhad, based on the plan approved by the ARMC, to assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets.

The Statement on Risk Management and Internal Control set out on pages 25 to 26 of this Annual Report provides an overview of the state of internal controls within the Group.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board will ensure that it adheres to and comply with the disclosure requirements of the Main Market Listing Requirements of Bursa Securities as well as the Corporate Disclosure Guide issued by Bursa Securities.

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. As such, the Group accords a high priority in ensuring that information is made available and disseminated as early as possible.

The Group maintains a website at www.berjaya.com where shareholders as well as members of the public can access the latest information on the Group. Alternatively, they may obtain the Group's latest announcements via the website of Bursa Securities at www.bursamalaysia.com.

## 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

**Shareholders participation at General Meetings**

The Company fully recognises the rights of the shareholders and encourages them to exercise their rights at the Company's general meetings. The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Group's businesses.

The Company despatches its notice of meeting at least 21 days before the AGM together with a copy of the Annual Report.

At the AGM, the General Manager of Group Accounts and Budgets provides a brief financial overview of the financial year's performance to the shareholders. The shareholders are also invited to raise questions pertaining to the business activities of the Group during the AGM. The external auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders.

**Poll voting**

All resolutions passed by the shareholders at the previous AGM held on 9 October 2012 were voted by a show of hands.

Going forward, the Board will give due consideration on the mode of voting on any resolutions at the AGM and/or Extraordinary General Meeting, including voting by way of a poll, particularly if the proposals are of a substantive nature.

**Effective communication and proactive engagements with shareholders**

The Company recognises the importance of being transparent and accountable to its shareholders and, as such, maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcement and circulars, meetings with analysts and fund managers, general meetings of shareholders and through the Group's website at www.berjaya.com where shareholders can access corporate information, annual reports, press release, financial information and company announcements.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements require Directors of listed companies to include a statement in annual reports on the state of their risk managements and internal controls. The Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. The Board's Risk Management and Internal Control Statement, which has been prepared in accordance with the Guidance, is set out below.

## RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system could provide only reasonable, and not absolute assurance, against material misstatement or loss.

The Group had in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. This process is regularly reviewed by the Board, which dedicates time for discussion on this subject.

The Board has undertaken a review of the adequacy and effectiveness of the risk management and internal control system and concluded that the risk management and internal control system is adequate and effective. Further, the Board has obtained assurance from the Chief Executive Officer and the director primarily responsible for the management of the financial affairs of the Company that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

## RISK MANAGEMENT FRAMEWORK

The Board has established an organisation structure with clearly defined lines of accountability and delegated authority. It has extended the responsibilities of the Audit and Risk Management Committee ("ARMC") to include the work of monitoring all internal controls and risk management. Its review covers matters such as responses to significant risks identified, output from the monitoring process and changes made to the internal control systems.

## INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the ARMC carries out an internal audit function to monitor and assess the effectiveness of the internal control system. Observations from internal audits were presented to the ARMC together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the ARMC.

The internal audit function is outsourced to Group Internal Audit Division of Berjaya Corporation Berhad, which reports directly to the ARMC. The scope of work covered by the internal audit function is determined by the ARMC after careful consideration and discussion of the audit plan with the Board.

The Board through the ARMC regularly receives and reviews reports on internal control, which include highlights on significant risks affecting the Group, from its internal audit function.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems are described below:-

- Clearly defined delegation of responsibilities to committees of the Board and to management of Head Office and operating units, including authorisation level for all aspects of the business which are set out in an authority matrix;
- Regular and comprehensive information provided to management, covering financial performance and key business indicators, such as cashflow performance;
- Regular visits to operating units by senior management.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

## CONTROL SELF-ASSESSMENT

Having identified the risks to achieving the Group's strategic objectives, each functional area is required to document the management and mitigating actions for each significant risk. New areas are introduced for assessment as the business risk profile changes and are reviewed by the management team.

Each quarter, the Group Internal Audit Division will prepare a risk profile which summarises the risks, the controls and processes for managing them and the means for assuring management that the processes are effective. This information will be updated in a timely manner and reviewed by the management team. The Group Internal Audit Division then reports to the Board significant changes in the business and the external environment that affect key risks.

Moving forward, the Company will further enhance its risks and controls identification and monitoring methodology. In addition, the Group Internal Audit Division undertakes to broaden the development and refinement of its risk-based techniques, enhance the level of staff expertise and benchmark itself against global best practices in risk management.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Berjaya Food Berhad is pleased to present the report of the Audit and Risk Management Committee ("the ARMC") for the financial year ended 30 April 2013.

## MEMBERS AND MEETING ATTENDANCES

The members of the ARMC are as follows:-

Datuk Zainun Aishah Binti Ahmad
– Chairman/Independent Non-Executive Director

Dato' Mustapha Bin Abd Hamid
– Independent Non-Executive Director

Tan Thiam Chai
– Non-Independent Non-Executive Director

The ARMC held five (5) meetings during the financial year ended 30 April 2013. The details of attendance of the ARMC members are as follows:-

| NAME | ATTENDANCE |
|---|---|
| Datuk Zainun Aishah Binti Ahmad | 5/5 |
| Dato' Mustapha Bin Abd Hamid | 5/5 |
| Tan Thiam Chai | 5/5 |

The General Manager of Group Internal Audit and the General Manager of Group Accounts and Budgets were also invited to attend the ARMC meetings. The External Auditors were invited to attend two (2) of these meetings.

## SUMMARY OF ACTIVITIES

The activities undertaken by the ARMC during the financial year ended 30 April 2013 included the following:-

(a) Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;

(b) Reviewed the External Auditors' scope of work and audit plan for the financial year ended 30 April 2013;

(c) Reviewed and discussed the External Auditors' audit report and areas of concern in the management letter thereof;

(d) Reviewed the internal audit reports presented and considered the major findings of internal audit in the operating subsidiaries of the Group through the review of internal audit reports tabled and management responses thereto and ensuring significant findings were adequately addressed by management;

(e) Reviewed the risk management activities of its principal operating subsidiary and ensuring appropriate measures were in place to reduce business risk exposures;

(f) Reviewed and recommended for Board's approval, the Audited Financial Statements of the Company;

(g) Reviewed and recommended for Board's approval, the Statement of Corporate Governance, the Statement on Internal Control and the ARMC Report for inclusion in the Annual Report;

(h) Reviewed the Internal Audit Plan for year 2014; and

(i) Reviewed the related party transaction and the circular to shareholders in connection with the recurrent related party transactions.

## EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ARMC has reviewed and verified that the allocation of options granted during the financial year under the ESOS of the Company were in accordance with the allocation criteria approved by the ESOS Committee and in compliance with the ESOS Bylaws.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Company had granted options under the ESOS governed by the Bylaws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 14 January 2011. The ESOS is to be in force for a period of 5 years from 8 March 2011. There is one (1) ESOS in existence during the financial year ended 30 April 2013 with information as follows:-

| | DURING THE FINANCIAL YEAR ENDED 30 APRIL 2013 |
|---|---|
| Total number of options or shares granted | Nil |
| Total number of shares vested | 1,466,600 |
| Total number of shares exercised | 704,100 |
| Total options or shares outstanding | 4,141,600 |

| GRANTED TO DIRECTORS | DURING THE FINANCIAL YEAR ENDED 30 APRIL 2013 |
|---|---|
| Aggregate options or shares granted | Nil |
| Total number of shares vested | 450,000 |
| Total number of shares exercised | 200,000 |
| Aggregate options or shares outstanding | 1,430,000 |

| GRANTED TO DIRECTORS & SENIOR MANAGEMENT | DURING THE FINANCIAL YEAR ENDED 30 APRIL 2013 | SINCE COMMENCEMENT OF THE ESOS ON 8 MARCH 2011 |
|---|---|---|
| Aggregate maximum allocation in percentage | Nil | 42.27 |
| Actual percentage granted | 8.45 | 25.36 |

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Internal Audit Division of Berjaya Corporation Berhad was engaged to undertake the internal audit function that would enable the ARMC to discharge its duties and responsibilities. Their role is to provide the ARMC with independent and objective reports on the state of internal controls of the operating unit within the Group and the extent of compliance with the Group's established policies, procedures and statutory requirements.

For the financial year under review, the Internal Audit Division conducted audit assignments on the operating unit of the Group involved in the development and operation of the "Starbucks Coffee" stores in Malaysia and Kenny Rogers Roasters" chain of restaurants in Malaysia and Indonesia.

The activities undertaken by the Internal Audit Division during the financial year ended 30 April 2013 included the following:

(1) Tabled Internal Audit Plan for the ARMC's review and endorsement.

(2) Reviewed the existing systems, controls and governance processes of the operating unit within the Group.

(3) Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.

(4) Provided recommendations to assist the operating unit and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.

(5) Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls to the ARMC and the respective operations management.

(6) Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

(7) Presented internal audit reports to the ARMC for review.

The cost incurred for the Internal Audit function in respect of the financial year ended 30 April 2013 was approximately RM132,800.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

### 1. MEMBERSHIP

The ARMC shall be appointed by the Board from amongst the Directors and shall consist of not less than three members and all the ARMC members must be non-executive directors, with majority of them being independent directors and at least one member of the ARMC must be a member of the Malaysian Institute of Accountants or such other qualifications and experience as approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

If a member of the ARMC resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the board of directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

### 2. QUORUM

A quorum for the ARMC shall consist of two members and a majority of the members present must be Independent Directors.

### 3. CHAIRMAN

The Chairman of the ARMC shall be an Independent Director appointed by the Board. He shall report on each meeting of the ARMC to the Board.

### 4. SECRETARY

The Company Secretary shall be the Secretary of the ARMC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the ARMC members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the ARMC and circulating them to the ARMC members and to the other members of the Board of Directors.

### 5. FREQUENCY OF MEETINGS

Meetings shall be held not less than four times a year and will normally be attended by the Director charged with the responsibilities of the Group's finance and Head of Internal Audit. The presence of external auditors will be requested if required and the external auditors may also request a meeting if they consider it necessary.

### 6. AUTHORITY

The ARMC is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The ARMC is also authorised by the Board to obtain external legal or other independent professional advice as necessary.

The ARMC is also authorised to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

### 7. DUTIES

The duties of the ARMC shall be:-

(a) To review and recommend the appointment of external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as external auditors;

(b) To discuss with the external auditors where necessary, on the nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;

(c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing on:

- going concern assumption
- compliance with applicable financial reporting standards and regulatory requirements
- any changes in accounting policies and practices
- significant issues arising from the audit
- major judgemental areas;

(d) To prepare ARMC Report at the end of each financial year;

(e) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);

(f) To review the external auditors' management letter and management's response;

(g) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(h) To do the following in relation to internal audit function:

- review the adequacy of scope, functions, competency and resources of the internal audit department and that it has the necessary authority to carry out its work;
- review internal audit programme;
- ensure coordination of external audit with internal audit;
- consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- to monitor related party transactions entered into by the Company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report;
- to review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors;

(i) To carry out such other responsibilities, functions or assignments as may be defined jointly by the ARMC and the Board of Directors from time to time;

(j) In compliance with Paragraph 15.16 of the Main Market Listing Requirements, where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the ARMC must promptly report such matter to Bursa Securities; and

(k) To undertake the following risk management activities:-

*Establishing Strategic Context* – Ensuring that the strategic context of the risk management strategy is complete and takes into account the environment within which the Group operates and the requirements of all stakeholders and the Board.

*Establishing Risk Management Processes* – Determining the overall risk management processes that should be adopted by the business units and developing appropriate guidelines and policies for implementation.

*Establishing Risk Management Structure* – Ensuring a short and long term risk management strategy, framework and methodology have been implemented and consistently applied by all business units.

*Embedding Risk Management Capability* – Ensuring risk management processes are integrated into all core business processes and that the culture of the organisation reflects the risk consciousness of the Board.

*Establishing Reporting Mechanism* – Providing a consolidated risk and assurance report to the Board to support the statement relating to risk management and internal control in the Company's annual report.

*Integrating & Coordinating Assurance Activity* – Ensuring alignment and coordination of assurance activity across the organisation.

*Establishing Business Benefits* – Identifying opportunities to release potential business benefits through the enhancement of risk management capabilities within the Group.

*Establishing Effectiveness of Risk Management Processes* – Simplifying and improving the effectiveness of existing risk management structures.

*Managing the Group Wide Risk Management Programme* – Supporting the implementation of the risk management processes within the business. The Committee will act as steering committee for the Group Wide Risk Management Programme.

# Financial Statements

# DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2013.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are the development and operation of restaurant chains and retail outlets in Malaysia, Indonesia and Singapore and investment holding.

There were no significant changes in the Group's activities during the financial year other than those arising from the acquisition of subsidiary company and jointly controlled entity as disclosed in Notes 4 and 5 to the financial statements.

## RESULTS

| | GROUP RM'000 | COMPANY RM'000 |
|---|---|---|
| Profit for the year | 17,283 | 15,266 |
| Attributable to: | | |
| – Owners of the parent | 18,628 | 15,266 |
| – Non-controlling interests | (1,345) | – |
| | 17,283 | 15,266 |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

The dividends paid by the Company since 30 April 2012 were as follows:

| | RM'000 |
|---|---|
| In respect of the financial year ended 30 April 2012 | |
| Second interim dividend of 5.00% or 2.5 sen per share single-tier exempt dividend, paid on 25 July 2012 | 3,589 |
| In respect of the financial year ended 30 April 2013 | |
| First interim dividend of 3.00% or 1.5 sen per share single-tier exempt dividend, paid on 30 January 2013 | 3,907 |
| The Directors declared and approved on 13 June 2013: Second interim dividend of 4.00% or 2.0 sen per share single-tier exempt dividend, paid on 26 July 2013 in respect of financial year ended 30 April 2013 | 5,254 * |

* The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2014. The directors do not recommend the payment of final dividend in respect of the current financial year.

# DIRECTORS' REPORT

## DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Robin Tan Yeong Ching
Dato' Lee Kok Chuan
Datuk Zainun Aishah Binti Ahmad
Dato' Mustapha Bin Abd Hamid
Tan Thiam Chai

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 18 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, options and debentures of the Company and its related corporations during the financial year were as follows:

| | NUMBER OF ORDINARY SHARES OF RM0.50 EACH | | | |
|---|---|---|---|---|
| | **At 01.05.12** | **Acquired** | **Disposed** | **At 30.04.13** |
| **The Company** | | | | |
| Dato' Robin Tan Yeong Ching | 500,000 | 465,300 | – | 965,300 |
| Dato' Lee Kok Chuan | 200,000 | 556,300 | – | 756,300 |
| Datuk Zainun Aishah Binti Ahmad | 40,000 | 32,000 | – | 72,000 |
| Dato' Mustapha Bin Abd Hamid | 120,000 | 176,000 | 50,000 | 246,000 |
| Tan Thiam Chai | 140,000 | 120,000 | – | 260,000 |

| | NUMBER OF ORDINARY SHARES OF RM0.50 EACH UNDER EMPLOYEES' SHARE OPTION SCHEME | | | |
|---|---|---|---|---|
| | **At 01.05.12** | **Granted** | **Exercised** | **At 30.04.13** |
| Dato' Robin Tan Yeong Ching | 600,000 | – | – | 600,000 |
| Dato' Lee Kok Chuan | 850,000 | – | 200,000 | 650,000 |
| Datuk Zainun Aishah Binti Ahmad | 60,000 | – | – | 60,000 |
| Dato' Mustapha Bin Abd Hamid | 60,000 | – | – | 60,000 |
| Tan Thiam Chai | 60,000 | – | – | 60,000 |

| | NUMBER OF WARRANTS | | | |
|---|---|---|---|---|
| | **At 01.05.12** | **Acquired** | **Disposed/ Exercised** | **At 30.04.13** |
| Dato' Robin Tan Yeong Ching | – | 465,300 | – | 465,300 |
| Dato' Lee Kok Chuan | – | 356,300 | – | 356,300 |
| Datuk Zainun Aishah Binti Ahmad | – | 32,000 | – | 32,000 |
| Dato' Mustapha Bin Abd Hamid | – | 96,000 | 96,000 | – |
| Tan Thiam Chai | – | 120,000 | – | 120,000 |

## DIRECTORS' INTERESTS (CONTINUED)

**Ultimate holding company:**

| | | NUMBER OF ORDINARY SHARES OF RM1.00 EACH | | | |
|---|---|---|---|---|---|
| | | At 01.05.12 | Acquired | Disposed | At 30.04.13 |
| **Berjaya Corporation Berhad** | | | | | |
| Dato' Robin Tan Yeong Ching | | 722,847 | 1,500,000 | – | 2,222,847 |
| | * | 597,141,995 | 2,275,000 | – | 599,416,995 |
| | (a) | 5,000 | – | – | 5,000 |
| Dato' Lee Kok Chuan | | 24,000 | – | – | 24,000 |
| Tan Thiam Chai | | 123,294 | – | – | 123,294 |
| | (a) | 104,164 | – | – | 104,164 |

| | | NUMBER OF 0% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2005/2015 OF RM0.50 NOMINAL VALUE EACH | | | |
|---|---|---|---|---|---|
| | | At 01.05.12 | Acquired | Disposed | At 30.04.13 |
| Dato' Robin Tan Yeong Ching | * | 12,401,200 | – | – | 12,401,200 |
| Dato' Lee Kok Chuan | | 22 | – | – | 22 |
| | (a) | 17 | – | – | 17 |

| | | NUMBER OF 5% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2012/2022 OF RM1.00 NOMINAL VALUE EACH | | | |
|---|---|---|---|---|---|
| | | At 01.05.12 | Acquired | Disposed | At 30.04.13 |
| Dato' Robin Tan Yeong Ching | | 2,620,500 | – | – | 2,620,500 |
| | * | 87,029,000 | – | – | 87,029,000 |
| | (a) | 1,000 | – | – | 1,000 |
| Dato' Lee Kok Chuan | | 50,000 | – | – | 50,000 |
| Tan Thiam Chai | | 20,600 | – | – | 20,600 |
| | (a) | 17,400 | – | – | 17,400 |

| | | NUMBER OF WARRANTS | | | |
|---|---|---|---|---|---|
| | | At 01.05.12 | Acquired | Exercised | At 30.04.13 |
| Dato' Robin Tan Yeong Ching | | 2,620,500 | – | – | 2,620,500 |
| | * | 87,029,000 | – | – | 87,029,000 |
| | (a) | 1,000 | – | – | 1,000 |
| Tan Thiam Chai | | 20,600 | – | – | 20,600 |
| | (a) | 17,400 | – | – | 17,400 |

**Related companies:**

| | | NUMBER OF ORDINARY SHARES OF RM0.50 EACH | | | |
|---|---|---|---|---|---|
| | | At 01.05.12 | Acquired | Disposed | At 30.04.13 |
| **Berjaya Land Berhad** | | | | | |
| Dato' Robin Tan Yeong Ching | | 600,000 | – | – | 600,000 |
| | * | 56,600,000 | – | – | 56,600,000 |
| Tan Thiam Chai | | 40,000 | – | – | 40,000 |

## DIRECTORS' INTERESTS (CONTINUED)

**Related companies:**

| | | NUMBER OF ORDINARY SHARES OF RM0.10 EACH | | | |
|---|---|---|---|---|---|
| | | At 01.05.12 | Acquired | Disposed | At 30.04.13 |
| **Berjaya Sports Toto Berhad ("BToto")** | | | | | |
| Dato' Robin Tan Yeong Ching | | 828,000 | 18,400 # | – | 846,400 |
| Dato' Lee Kok Chuan | | 60,000 | 1,333 # | – | 61,333 |
| Tan Thiam Chai | | 163,542 | 3,634 # | – | 167,176 |
| | (a) | 66,000 | 1,466 # | – | 67,466 |

| | | NUMBER OF ORDINARY SHARES OF HKD0.20 EACH | | | |
|---|---|---|---|---|---|
| | | At 01.05.12 | Acquired | Disposed | At 30.04.13 |
| **Cosway Corporation Limited** | | | | | |
| Dato' Robin Tan Yeong Ching | (a) | 1,300,000 | – | 1,300,000 | – |

**Notes:**

* Indirect interests pursuant to Section 6(A) of the Companies Act, 1965.

(a) Indirect interests pursuant to Section 134(12)(c) of the Companies Act, 1965.

\# Share dividend distribution by BToto on the basis of one (1) treasury share for every forty five (45) existing ordinary shares on 30 January 2013.

## EMPLOYEES' SHARE OPTION SCHEME

At an Extraordinary General Meeting held on 14 January 2011, shareholders approved the Employees' Share Option Scheme ("ESOS") for the grant of options that are settled by physical delivery of the ordinary shares of the Company, to eligible directors and employees of the Group.

The committee administering the ESOS comprises Dato' Robin Tan Yeong Ching, Dato' Lee Kok Chuan, Datuk Zainun Aishah Binti Ahmad and Lee Siew Weng.

The salient features and terms of the ESOS are disclosed in Note 23 to the financial statements.

During the financial year, 704,100 share options were exercised at the exercise price of RM0.51 each. As at the end of the financial year, the total number of unissued shares under the ESOS is 4,141,600.

## ISSUE OF SHARES

During the financial year, the Company increased its issued and fully paid up share capital from RM71,738,150 to RM130,521,820 by way of the issuance of:

(i) 115,081,760 new ordinary shares of RM0.50 each at an issue price of RM0.65 pursuant to a rights issue (refer to Note 31(2) to the financial statements);

(ii) 704,100 new ordinary shares of RM0.50 each at an issue price of RM0.51 per share pursuant to the exercise of the share options that was granted under the ESOS; and

(iii) 1,781,480 new ordinary shares of RM0.50 each at an issue price of RM0.70 per share pursuant to the exercise of the warrants.

## ISSUE OF WARRANTS

During the financial year, the Company issued 115,081,760 new ordinary shares together with 115,081,760 free detachable warrants ("Warrants") pursuant to a rights issue on the basis of four (4) new ordinary shares of the Company together with four (4) free detachable warrants for every five (5) existing shares of the Company held.

The salient features of the Warrants are set out in Note 12(c) to the financial statements.

# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

   (ii) to ensure that any current asset which was unlikely to realise its value as shown in the accounting records in the ordinary course of business had been written down to an amount which it might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and the Company; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 31 to the financial statements.

## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 2 August 2013

**Dato' Lee Kok Chuan** **Tan Thiam Chai**

# STATEMENT BY DIRECTORS

## Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Lee Kok Chuan and Tan Thiam Chai, being two of the directors of BERJAYA FOOD BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 40 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2013 and of the results and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 32 on page 90 is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 2 August 2013

**Dato' Lee Kok Chuan** **Tan Thiam Chai**

# STATUTORY DECLARATION

## Pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Lee Kok Chuan, being the director primarily responsible for the financial management of BERJAYA FOOD BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 40 to 90 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed )
Dato' Lee Kok Chuan at Kuala Lumpur in the )
Federal Territory on 2 August 2013 ) **Dato' Lee Kok Chuan**

Before me:

**Tee Weng Yean** (W441)
Commissioner for Oaths

Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

to the members of Berjaya Food Berhad

### Report on the financial statements

We have audited the financial statements of Berjaya Food Berhad, which comprise statements of financial position as at 30 April 2013 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 89.

### Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 4 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' report on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

### Other reporting responsiblities

The supplementary information set out in Note 32 on page 90 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other matters

(a) As stated in Note 2.3 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 May 2012 with a transition date of 1 May 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 April 2012 and 1 May 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 30 April 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 30 April 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 May 2012 do not contain misstatements that materially affect the financial position as at 30 April 2013 and financial performance and cash flows for the year then ended.

(b) This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young**
AF: 0039
Chartered Accountants

**Phang Oy Lin**
2985/03/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 2 August 2013

# STATEMENTS OF FINANCIAL POSITION
as at 30 April 2013

| | | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|---|
| | | 2013 | 2012 | 01.05.2011 | 2013 | 2012 | 01.05.2011 |
| | NOTE | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 3 | **30,236** | 25,335 | 19,010 | **2** | 4 | – |
| Subsidiary companies | 4 | **–** | – | – | **72,779** | 72,633 | 72,307 |
| Jointly controlled entity | 5 | **79,961** | – | – | **71,913** | – | – |
| Deferred tax assets | 13 | **183** | 108 | – | **–** | – | – |
| Intangible assets | 6 | **16,008** | 1,340 | 986 | **–** | – | – |
| | | **126,388** | 26,783 | 19,996 | **144,694** | 72,637 | 72,307 |
| **Current assets** | | | | | | | |
| Inventories | 7 | **3,867** | 2,952 | 2,333 | **–** | – | – |
| Trade and other receivables | 8 | **17,576** | 12,926 | 5,194 | **29,725** | 7,729 | 5,591 |
| Deposits with financial institutions | 9 | **742** | 8,800 | 10,300 | **347** | – | – |
| Cash and bank balances | 10 | **18,492** | 27,910 | 26,459 | **476** | 511 | 211 |
| | | **40,677** | 52,588 | 44,286 | **30,548** | 8,240 | 5,802 |
| **TOTAL ASSETS** | | **167,065** | 79,371 | 64,282 | **175,242** | 80,877 | 78,109 |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | | | |
| Share capital | 11 | **130,522** | 71,738 | 70,883 | **130,522** | 71,738 | 70,883 |
| Reserves | 12 | **12,226** | (15,667) | (20,090) | **31,802** | 7,058 | 7,018 |
| | | **142,748** | 56,071 | 50,793 | **162,324** | 78,796 | 77,901 |
| Non-controlling interests | | **1,082** | 2,533 | – | **–** | – | – |
| **Total equity** | | **143,830** | 58,604 | 50,793 | **162,324** | 78,796 | 77,901 |
| **Non-current liabilities** | | | | | | | |
| Deferred tax liabilities | 13 | **2,387** | 2,012 | 1,954 | **1** | – | – |
| Provisions | 14 | **2,684** | 2,085 | 1,028 | **–** | – | – |
| | | **5,071** | 4,097 | 2,982 | **1** | – | – |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 15 | **14,570** | 15,132 | 10,146 | **12,873** | 2,081 | 208 |
| Provisions | 14 | **848** | 356 | 150 | **–** | – | – |
| Deferred income | | **193** | – | – | **–** | – | – |
| Taxation | | **2,553** | 1,182 | 211 | **44** | – | – |
| | | **18,164** | 16,670 | 10,507 | **12,917** | 2,081 | 208 |
| **Total liabilities** | | **23,235** | 20,767 | 13,489 | **12,918** | 2,081 | 208 |
| **TOTAL EQUITY AND LIABILITIES** | | **167,065** | 79,371 | 64,282 | **175,242** | 80,877 | 78,109 |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 April 2013

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | NOTE | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 16 | **121,915** | 88,598 | **16,819** | 7,990 |
| Cost of sales | | **(74,007)** | (54,983) | **–** | – |
| **Gross profit** | | **47,908** | 33,615 | **16,819** | 7,990 |
| Other income | | **10,989** | 9,958 | **648** | – |
| Administrative expenses | | **(46,550)** | (28,938) | **(1,404)** | (1,341) |
| | | **12,347** | 14,635 | **16,063** | 6,649 |
| Finance costs | | **–** | – | **(505)** | – |
| Share of results of jointly controlled entity | | **9,048** | – | **–** | – |
| **Profit before tax** | 17 | **21,395** | 14,635 | **15,558** | 6,649 |
| Income tax expense | 19 | **(4,112)** | (3,651) | **(292)** | – |
| **Profit for the year** | | **17,283** | 10,984 | **15,266** | 6,649 |
| Other comprehensive income: | | | | | |
| – Foreign currency translation | | **(319)** | (188) | **–** | – |
| **Total comprehensive income for the year** | | **16,964** | 10,796 | **15,266** | 6,649 |
| **Profit attributable to:** | | | | | |
| – Owners of the parent | | **18,628** | 11,126 | **15,266** | 6,649 |
| – Non-controlling interests | | **(1,345)** | (142) | **–** | – |
| | | **17,283** | 10,984 | **15,266** | 6,649 |
| **Total comprehensive income Attributable to:** | | | | | |
| – Owners of the parent | | **18,415** | 11,032 | **15,266** | 6,649 |
| – Non-controlling interests | | **(1,451)** | (236) | **–** | – |
| | | **16,964** | 10,796 | **15,266** | 6,649 |
| Earnings per share (sen) | 20 | | | | |
| – Basic | | **8.17** | 7.83 | | |
| – Diluted | | **6.53** | 7.71 | | |

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the year ended 30 April 2013

| | ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | NON-DISTRIBUTABLE | | | | | DISTRIBUTABLE | | | |
| **GROUP** | SHARE CAPITAL RM'000 | SHARE PREMIUM RM'000 | ESOS RESERVE^ RM'000 | WARRANT RESERVE RM'000 | EXCHANGE RESERVE RM'000 | MERGER DEFICIT RM'000 | RETAINED EARNINGS RM'000 | TOTAL RM'000 | NON-CONTROLLING INTERESTS RM'000 | TOTAL EQUITY RM'000 |
| At 1 May 2011 | 70,883 | 1,374 | 243 | – | – | (55,087) | 33,380 | 50,793 | – | 50,793 |
| Total comprehensive income for the year | – | – | – | – | (94) | – | 11,126 | 11,032 | (236) | 10,796 |
| **Transactions with owners** | | | | | | | | | | |
| ESOS options exercised | 855 | 308 | (291) | – | – | – | – | 872 | – | 872 |
| Share-based payment under ESOS | – | – | 475 | – | – | – | – | 475 | – | 475 |
| Acquisition of a subsidiary company | – | – | – | – | – | – | – | – | 1,252 | 1,252 |
| Capital contribution by non-controlling interests | – | – | – | – | – | – | – | – | 1,517 | 1,517 |
| Dividends (Note 21) | – | – | – | – | – | – | (7,101) | (7,101) | – | (7,101) |
| | 855 | 308 | 184 | – | – | – | (7,101) | (5,754) | 2,769 | (2,985) |
| At 30 April 2012 | 71,738 | 1,682 | 427 | – | (94) | (55,087) | 37,405 | 56,071 | 2,533 | 58,604 |
| Total comprehensive income for the year | – | – | – | – | (213) | – | 18,628 | 18,415 | (1,451) | 16,964 |
| **Transactions with owners** | | | | | | | | | | |
| Rights issue | 57,541 | – | – | 21,866 | – | – | (4,604) | 74,803 | – | 74,803 |
| Rights issue expenses | – | (876) | – | – | – | – | – | (876) | – | (876) |
| ESOS options exercised | 352 | 132 | (125) | – | – | – | – | 359 | – | 359 |
| Warrants exercised | 891 | 695 | – | (339) | – | – | – | 1,247 | – | 1,247 |
| Share-based payment under ESOS | – | – | 225 | – | – | – | – | 225 | – | 225 |
| Dividends (Note 21) | – | – | – | – | – | – | (7,496) | (7,496) | – | (7,496) |
| | 58,784 | (49) | 100 | 21,527 | – | – | (12,100) | 68,262 | – | 68,262 |
| **At 30 April 2013** | **130,522** | **1,633** | **527** | **21,527** | **(307)** | **(55,087)** | **43,933** | **142,748** | **1,082** | **143,830** |

^ This represents the reserve relating to the Employees' Share Option Scheme.

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2013

| COMPANY | SHARE CAPITAL RM'000 | NON-DISTRIBUTABLE SHARE PREMIUM RM'000 | ESOS RESERVE RM'000 | WARRANT RESERVE RM'000 | DISTRIBUTABLE RETAINED EARNINGS RM'000 | TOTAL EQUITY RM'000 |
|---|---|---|---|---|---|---|
| At 1 May 2011 | 70,883 | 1,374 | 243 | – | 5,401 | 77,901 |
| Total comprehensive income for the year | – | – | – | – | 6,649 | 6,649 |
| **Transactions with owners** | | | | | | |
| ESOS options exercised | 855 | 308 | (291) | – | – | 872 |
| Share-based payment under ESOS | – | – | 475 | – | – | 475 |
| Dividends (Note 21) | – | – | – | – | (7,101) | (7,101) |
| | 855 | 308 | 184 | – | (7,101) | (5,754) |
| At 30 April 2012 | 71,738 | 1,682 | 427 | – | 4,949 | 78,796 |
| Total comprehensive income for the year | – | – | – | – | 15,266 | 15,266 |
| **Transactions with owners** | | | | | | |
| Rights issue | 57,541 | – | – | 21,866 | (4,604) | 74,803 |
| Rights issue expenses | – | (876) | – | – | – | (876) |
| ESOS options exercised | 352 | 132 | (125) | – | – | 359 |
| Warrants exercised | 891 | 695 | – | (339) | – | 1,247 |
| Share-based payment under ESOS | – | – | 225 | – | – | 225 |
| Dividends (Note 21) | – | – | – | – | (7,496) | (7,496) |
| | 58,784 | (49) | 100 | 21,527 | (12,100) | 68,262 |
| **At 30 April 2013** | **130,522** | **1,633** | **527** | **21,527** | **8,115** | **162,324** |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 30 April 2013

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from customers | **134,553** | 90,517 | **–** | – |
| Payment to suppliers and operating expenses | **(119,439)** | (73,741) | **(1,322)** | (1,387) |
| Payment of tax | **(3,009)** | (3,223) | **–** | – |
| Net cash flow generated from/(used in) operating activities | **12,105** | 13,553 | **(1,322)** | (1,387) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Sales of property, plant and equipment | **87** | 176 | **–** | – |
| Acquisition of property, plant and equipment (Note a) | **(10,542)** | (7,058) | **–** | (5) |
| Acquisition of business operations | **–** | (1,500) | **–** | – |
| Acquisition of investment in subsidiary company (Note b) | **(16,346)** | (1,267) | **–** | – |
| Acquisition of investment in a jointly controlled entity | **(17,047)** | – | **(17,047)** | – |
| Interest received | **382** | 657 | **648** | – |
| Dividend received | **–** | – | **19,822** | 3,740 |
| Dividend received from a jointly controlled entity | **1,000** | – | **1,000** | – |
| Loan to related companies | **(82)** | – | **(26,615)** | (2,967) |
| Repayment from related companies | **143** | – | **–** | 5,507 |
| Net cash flow (used in)/generated from investing activities | **(42,405)** | (8,992) | **(22,192)** | 6,275 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Issuance of share capital | **21,544** | 872 | **21,544** | 872 |
| Issuance of share capital to non-controlling interests of subsidiary company | **–** | 1,517 | **–** | – |
| Payment of rights issue expenses | **(876)** | – | **(876)** | – |
| Interest paid | **–** | – | **(505)** | – |
| Dividends paid | **(7,496)** | (7,101) | **(7,496)** | (7,101) |
| Advance from a jointly controlled entity | **120** | – | **120** | – |
| Advance from related companies | **–** | 162 | **11,039** | 1,641 |
| Repayment to related companies | **(20)** | – | **–** | – |
| Net cash flow generated from/(used in) financing activities | **13,272** | (4,550) | **23,826** | (4,588) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **(17,028)** | 11 | **312** | 300 |
| **EFFECT OF EXCHANGE RATE CHANGES** | **(448)** | (60) | **–** | – |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | **36,710** | 36,759 | **511** | 211 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | **19,234** | 36,710 | **823** | 511 |

# STATEMENTS OF CASH FLOWS
for the year ended 30 April 2013

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| **CASH AND CASH EQUIVALENTS** | | | | |
| The closing cash and cash equivalents comprise of the following: | | | | |
| Cash and bank balances | **18,492** | 27,910 | **476** | 511 |
| Deposits with financial institutions | **742** | 8,800 | **347** | – |
| | **19,234** | 36,710 | **823** | 511 |

**Notes:**

(a) The additions in property, plant and equipment were acquired by way of:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Cash | **10,542** | 7,058 | **–** | 5 |
| Provision for restoration cost | **633** | 908 | **–** | – |
| | **11,175** | 7,966 | **–** | 5 |

(b) Analysis of the effects of the acquisition of subsidiary company on cash flows is as follows:

| | GROUP | |
|---|---|---|
| | 2013 RM'000 | 2012 RM'000 |
| Property, plant and equipment (Note 3) | **1,382** | 3,113 |
| Trademark (Note 6) | **7,646** | – |
| Net other assets/(liabilities) acquired | **2,684** | (558) |
| Non-controlling interests | **–** | (1,252) |
| Goodwill on consolidation (Note 6) | **7,105** | 83 |
| Net assets acquired | **18,817** | 1,386 |
| Excluding: Cash and cash equivalents of subsidiary company acquired | **(2,471)** | (119) |
| Cash flow on acquisition (net of cash in subsidiary company acquired) | **16,346** | 1,267 |

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

– 30 April 2013

## 1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies consist of the development and operation of restaurant chains and retail outlets in Malaysia, Indonesia and Singapore and investment holding.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

The holding company is Berjaya Group Berhad ("BGroup") and the ultimate holding company is Berjaya Corporation Berhad ("BCorp"), both of which are incorporated in Malaysia.

There were no significant changes in the Group's activities during the financial year other than those arising from the acquisition of subsidiary company and jointly controlled entity as disclosed in Notes 4 and 5 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 2 August 2013.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company had adopted the MFRSs which are mandated for financial period beginning on or after 1 May 2012 as described in Note 2.3.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### (a) Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies, which are prepared up to the end of the same financial year.

Subsidiary companies are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtain control, and continue to be consolidated until the date that such control ceases.

Subsidiary companies are consolidated using the purchase method of accounting except for the business combination with Berjaya Roasters (M) Sdn Bhd ("BRoasters"), which was accounted for under the pooling of interests method as the business combination of this subsidiary company involved an entity under common control.

Under the pooling of interests method of accounting, the results of the entities under common control are presented as if the entities had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves acquired are reflected within equity as merger reserve or merger deficit in the case of debit differences.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (a) Subsidiaries and basis of consolidation (continued)

Under the acquisition method of accounting, the results of subsidiary companies acquired during the financial year are included in the consolidated financial statements from the effective date of acquisition. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities assumed at the date of acquisition. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities assumed, and equity instruments issued. Any costs directly attributable to the acquisition are recognised immediately in profit or loss.

When control in a business is acquired in stages, the previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in the profit or loss. Similarly, when control over a subsidiary company is lost, any interest retained is measured at fair value and the corresponding gain or loss recognised in the profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquire, and the fair value any of the Group's previously held equity interest in the acquiree (hereinafter referred to as cost of business combination), over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup balances, transactions, income and expenses are eliminated in full.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Profit or loss and each component of other comprehensive income are attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment in and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (b) Jointly controlled entity

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the Group's investment in jointly controlled entity is carried in the consolidated statement of financial position at cost adjusted for the Group's share of post-acquisition changes in net assets of the jointly controlled entity less impairment losses. The Group's share of comprehensive income of jointly controlled entity acquired or disposed of during the financial year, is included in the consolidated profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

#### (c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

| | |
|---|---|
| Office equipment, smallwares and motor vehicles | 20% – 33% |
| Computers | 20% – 40% |
| Plant, machinery, kitchen equipment, furniture and fittings | 10% – 33% |
| Renovation and restoration | Based on lease term |

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (d) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Trademarks

The cost of trademarks acquired represents its fair value as at the date of acquisition. Following initial recognition, trademarks are carried at cost less any accumulated impairment losses. Trademarks, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of trademarks are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

#### (e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Cost represents cost of food, beverages and materials purchased plus incidental expenses. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

#### (f) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The category that is applicable to the Group is as follows:

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (g) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and sundry receivables, where the carrying amounts are reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (h) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU"). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (h) Impairment of non-financial assets (continued)

An impairment loss is recognised in profit or loss in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

#### (i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The category that is applicable to the Group is as follows:

(i) Other financial liabilities

Other financial liabilities include trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (j) Provisions

Provisions are recognised when the Group or the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provisions for restoration costs are made at the lease inception date for the estimated costs of dismantling, removing or restoring the property, plant and equipment relating to operating leases with requirements to remove leasehold improvements at the end of the lease term.

#### (k) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks, cash funds managed by fund management related company and other licensed financial institution and deposits at call, which have an insignificant risk of changes in value.

#### (l) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

#### (m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of food and beverage

Revenue relating to sale of food and beverages is recognised net of sales tax and discounts when the transfer of risks and rewards has been completed.

(ii) Royalty income

Revenue relating to royalty income is recognised on an accrual basis in accordance with the terms of the “Rights to Franchise Outlets” agreement between Roasters Asia Pacific (M) Sdn Bhd, a related company to the Group and BRoasters, a subsidiary company of the Group.

(iii) Dividend income

Dividend income from investments is recognised when the shareholders’ rights to receive payment is established.

(iv) Interest income

Interest income is recognised on an accrual basis unless recoverability is in doubt.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (n) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;

– Income and expenses for each profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (n) Foreign currencies (continued)

(iii) Foreign operations (continued)

The principal exchange rates ruling at reporting date for one unit of foreign currency used are as follows:

| FOREIGN CURRENCY | CURRENCY CODE | 2013 RM | 2012 RM |
|---|---|---|---|
| Singapore Dollar | SGD | 2.45 | 2.45 |
| United States Dollar | USD | 3.03 | 3.04 |
| Indonesian Rupiah | IDR | 0.000312 | 0.000331 |

#### (o) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (“EPF”). The foreign subsidiary companies of the Group also make contributions to their countries’ statutory pension schemes.

(iii) Defined benefit plan

A foreign subsidiary company within the Group operates an unfunded, defined Retirement Benefit Scheme (“Scheme”) for its eligible employees. The obligation recognised in the consolidated statement of financial position under the Scheme is calculated using the projected unit credit method determined based on actuarial computations by an independent actuary. Actuarial gains or losses arising from changes in actuarial assumptions in excess of the greater of 10% of the defined benefit liabilities and 10% of the plan assets are charged or credited to profit or loss over the average remaining service lives of the respective employees. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (o) Employee benefits (continued)

(iv) Employees' share option scheme

Employees of the Group received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employees' share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employees' share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employees' share option reserve relating to the exercised options is transferred to share premium if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares. When the options are forfeited, the employees' share option reserve relating to the forfeited options is transferred to share premium.

#### (p) Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor if any, is recognised as a reduction of rental expense over the lease term on a straight-line basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### (q) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

**(r) Segmental information**

For management purposes, the Group is organised into operating segments based on the geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

**(s) Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event/s not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

**(t) Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Government grants related to assets, measured at nominal value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

### 2.3 First-time adoption of MFRSs

These financial statements, for the year ended 30 April 2013, are the first financial statements that the Group and the Company have prepared in accordance with MFRSs, and MFRS 1: First Time Adoption of Malaysian Financial Reporting Standards has been applied.

For periods up to the financial year ended 30 April 2012, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRSs") in Malaysia. Except for certain differences, the requirements under FRSs and MFRSs are similar.

In preparing these financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 May 2011, the Group's and the Company's date of transition to the MFRS framework.

The transition from FRS framework to MFRS framework does not give rise to any material impact on the statements of financial position, statements of comprehensive income and statements of cash flows. Accordingly, notes related to the statements of financial position as at the date of transition to the MFRS framework are not presented.

### 2.4 Standards issued but not yet effective

The standards and IC Interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

**Effective for financial periods beginning on or after 1 July 2012**

- MFRS 101: Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Standards issued but not yet effective (continued)

**Effective for financial periods beginning on or after 1 January 2013**

- MFRS 3: Business Combinations (IFRS Business Combinations issued by IASB in March 2004)
- MFRS 10: Consolidated Financial Statements
- MFRS 11: Joint Arrangements
- MFRS 12: Disclosure of interests in Other Entities
- MFRS 13: Fair Value Measurement
- MFRS 119: Employee Benefits
- MFRS 127: Separate Financial Statements
- MFRS 127: Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- MFRS 128: Investments in Associates and Joint Ventures
- Amendment to IC Interpretations 2: Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
- IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11: Joint Arrangements: Transition Guidance
- Amendments to MFRS 12: Disclosure of interests in Other Entities: Transition Guidance
- Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

**Effective for financial periods beginning on or after 1 January 2014**

- Amendments to MFRS 10: Investment Entities
- Amendments to MFRS 12: Investment Entities
- Amendments to MFRS 127: Investment Entities
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

**Effective for financial periods beginning on or after 1 January 2015**

- MFRS 9: Financial Instruments

The directors expect that the adoption of the above standards and IC Interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

<u>MFRS 12: Disclosures of Interest in Other Entities</u>

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

<u>MFRS 127: Separate Financial Statements</u>

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

<u>MFRS 128: Investments in Associates and Joint Ventures</u>

As a consequence of new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard described the application of the equity method to investments in joint ventures in addition to associates.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Standards issued but not yet effective (continued)

MFRS 13: Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

MFRS 119: Employee Benefits

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and fair value of plan assets when they occur, and hence eliminate the "corridor approach" as permitted under the previous version of MFRS 119 and accelerate the recognition of past service cost. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to MFRS 119 require retrospective application with certain exceptions. The directors anticipate that the application of the amendments to MFRS 119 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the Group is currently assessing the impact that this standard will have on the financial position and performance of the Group.

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 9: Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

### 2.5 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### (a) Critical judgements made in applying accounting policies

The following are the judgements made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Recognition of service income

Service charge is charged on the basis of a certain percentage of the revenue relating to food and beverage for in-house dining. A certain percentage of the amount is recognised in other income by the Group as it relates to additional income received for services rendered to the customers. The remainder is to be distributed to the employees. The amount of service charge recognised as other income for the year is RM8,251,000 (2012: RM7,333,000).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting estimates and judgements (continued)

#### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Provision for restoration costs

The Group leases retail stores under operating leases. The Group provides for an estimate of restoration costs at the lease inception date for operating leases with requirements to remove leasehold improvements at the end of the lease term.

Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs. Future actual costs could differ significantly from amounts initially estimated.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on a periodic basis. This requires an estimation of the VIU of the CGU to which goodwill is allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill are disclosed in Note 6.

(iii) Fair value of trademarks

The trademarks have been valued based on the Relief-from-royalty Method. These valuations require the Group to make estimates about royalties saving and discount rates, and hence they are subject to uncertainty. The fair value of the trademarks at 30 April 2013 is disclosed in Note 6.

(iv) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 19.

(v) Retirement benefits

The determination of the Group's obligations and cost for pension and employee benefit liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turnover rate, disability rate, retirement age and mortality rate.

Actual results that differ from the Group's assumptions are recognised immediately in the profit or loss as and when they occurred. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employees' benefits and net employee benefits expenses.

## 3. PROPERTY, PLANT AND EQUIPMENT

### GROUP

| | OFFICE EQUIPMENT, FURNITURE AND FITTINGS AND MOTOR VEHICLES RM'000 | COMPUTER RM'000 | PLANT, MACHINERY, KITCHEN EQUIPMENT AND SMALLWARES RM'000 | RENOVATIONS AND RESTORATION RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|
| **As at 30 April 2013** | | | | | |
| At Net Carrying Amount | | | | | |
| At 1.5.12 | 3,611 | 849 | 10,281 | 10,594 | 25,335 |
| Additions | 1,457 | 375 | 3,689 | 5,654 | 11,175 |
| Disposals | (3) | – | (2) | – | (5) |
| Depreciation charge for the year | (1,232) | (336) | (2,199) | (3,429) | (7,196) |
| Acquisition of subsidiary | 1,063 | – | 319 | – | 1,382 |
| Write off | (14) | – | (20) | (179) | (213) |
| Foreign currency translation | (7) | – | (131) | (104) | (242) |
| At 30.4.13 | **4,875** | **888** | **11,937** | **12,536** | **30,236** |
| **As at 30 April 2012** | | | | | |
| At Net Carrying Amount | | | | | |
| At 1.5.11 | 2,946 | 706 | 7,602 | 7,756 | 19,010 |
| Additions | 1,529 | 402 | 2,047 | 3,988 | 7,966 |
| Acquisition of business operations | 158 | – | 387 | 551 | 1,096 |
| Disposals | (120) | (3) | – | (83) | (206) |
| Depreciation charge for the year | (901) | (256) | (1,427) | (2,617) | (5,201) |
| Acquisition of subsidiary | 20 | – | 1,782 | 1,311 | 3,113 |
| Write off | (22) | – | (112) | (317) | (451) |
| Foreign currency translation | 1 | – | 2 | 5 | 8 |
| At 30.4.12 | 3,611 | 849 | 10,281 | 10,594 | 25,335 |
| **GROUP** | | | | | |
| **As at 30 April 2013** | | | | | |
| Cost | **13,591** | **2,174** | **26,190** | **25,787** | **67,742** |
| Accumulated depreciation | **(8,716)** | **(1,286)** | **(14,253)** | **(13,251)** | **(37,506)** |
| Net carrying amount | **4,875** | **888** | **11,937** | **12,536** | **30,236** |
| **As at 30 April 2012** | | | | | |
| Cost | 7,215 | 1,800 | 18,906 | 21,175 | 49,096 |
| Accumulated depreciation | (3,604) | (951) | (8,625) | (10,581) | (23,761) |
| Net carrying amount | 3,611 | 849 | 10,281 | 10,594 | 25,335 |

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing about RM11,928,000 (2012: RM10,425,000).

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### COMPANY

| | COMPUTER RM'000 | TOTAL RM'000 |
|---|---|---|
| **As at 30 April 2013** | | |
| At Net Carrying Amount | | |
| At 1.5.12 | 4 | 4 |
| Depreciation charge for the year | (2) | (2) |
| At 30.4.13 | **2** | **2** |
| **As at 30 April 2012** | | |
| At Net Carrying Amount | | |
| At 1.5.11 | – | – |
| Additions | 5 | 5 |
| Depreciation charge for the year | (1) | (1) |
| At 30.4.12 | 4 | 4 |
| **COMPANY** | | |
| **As at 30 April 2013** | | |
| Cost | **5** | **5** |
| Accumulated depreciation | **(3)** | **(3)** |
| Net carrying amount | **2** | **2** |
| **As at 30 April 2012** | | |
| Cost | 5 | 5 |
| Accumulated depreciation | (1) | (1) |
| Net carrying amount | 4 | 4 |

## 4. SUBSIDIARY COMPANIES

| | COMPANY | |
|---|---|---|
| | 2013 RM'000 | 2012 RM'000 |
| Unquoted shares in Malaysia, at cost | **72,087** | 72,087 |
| ESOS granted to employees of subsidiary company | **692** | 546 |
| | **72,779** | 72,633 |

## 4. SUBSIDIARY COMPANIES (CONTINUED)

The Group's effective equity interest in the subsidiary companies, their respective activities and country of incorporation are shown below:

| NAME | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITIES | EFFECTIVE INTEREST (%) 2013 | EFFECTIVE INTEREST (%) 2012 |
|---|---|---|---|---|
| **Held by the Company:** | | | | |
| Berjaya Roasters (M) Sdn Bhd # | Malaysia | Development and operation of the "Kenny Rogers Roasters" chain of restaurants in Malaysia | **100** | 100 |
| Berjaya Food (International) Sdn Bhd # | Malaysia | Investment holding | **100** | 100 |
| Berjaya Jollibean (M) Sdn Bhd | Malaysia | Operation of retail outlets, food caterer and licensing | **100** | – |
| **Subsidiaries of Berjaya Food (International) Sdn Bhd:** | | | | |
| PT Boga Lestari Sentosa * | Indonesia | Development and operation of the "Kenny Rogers Roasters" chain of restaurants in Java island, Bali and Medan, Indonesia | **51** | 51 |
| Jollibean Foods Pte Ltd * | Singapore | Operation of retail outlets and food caterer in Singapore | **100** | – |

# Subsidiaries audited by Ernst & Young, Malaysia

* Subsidiaries audited by other firms of chartered accountants.

### Acquisition of subsidiary company

The Company had on 7 December 2012, completed the acquisition of 100% equity interests in Jollibean Foods Pte Ltd ("Jollibean"), via its subsidiary company Berjaya Food (International) Sdn Bhd.

The cost of acquisition comprised the following:

**2013**
**GROUP**

| | RM'000 |
|---|---|
| Purchase consideration satisfied by cash | **18,817** |

The acquired subsidiary company, which qualified as a business combination, contributed the following results from its date of acquisition to the Group:

**2013**
**GROUP**

| | RM'000 |
|---|---|
| Revenue | **15,317** |
| Profit | **1,405** |

If the acquisition had occurred at the beginning of the financial year, the subsidiary company would have contributed to the Group RM37,048,000 and RM2,332,000 of revenue and profit respectively.

# NOTES TO THE FINANCIAL STATEMENTS

– 30 April 2013

## 4. SUBSIDIARY COMPANIES (CONTINUED)

**Acquisition of subsidiary company** (continued)

The fair values of the identifiable assets and liabilities of Jollibean as at the date of acquisition are as follows:

**2013**
**GROUP**

| | FAIR VALUE RM'000 |
|---|---|
| Non-current assets excluding trademarks | 1,394 |
| Trademarks (Note 6) | 7,646 |
| Current assets | 6,929 |
| | 15,969 |
| Non-current liabilities | 409 |
| Current liabilities | 3,848 |
| | 4,257 |
| Fair value of net assets, representing Group's share of net assets | 11,712 |
| Goodwill on acquisition (Note 6) | 7,105 |
| Total cost of acquisition | 18,817 |

Provisional accounting of acquisition

Trademarks have been identified as an intangible asset arising from this acquisition. However, the fair value of trademarks of RM7,646,000 was determined on a provisional basis as the purchase price allocation has not been finalised as at the date the financial statements were authorised for issue. Goodwill arising from this acquisition and the carrying amount of the trademarks will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

The net cash flows on acquisition are as follows:

**2013**
**GROUP**

| | RM'000 |
|---|---|
| Purchase consideration satisfied by cash | (18,817) |
| Cash and cash equivalent of subsidiary company acquired | 2,471 |
| Net cash outflow on acquisition of a subsidiary company | (16,346) |

**Acquisition of subsidiary in previous financial year**

In the previous financial year, the Company had on 16 January 2012, completed the acquisition of 51% equity interests in PT Boga Lestari Sentosa ("PT Boga"), via its subsidiary company Berjaya Food (International) Sdn Bhd.

The cost of acquisition comprised the following:

**2012**
**GROUP**

| | RM'000 |
|---|---|
| Purchase consideration satisfied by cash | 1,386 |

## 4. SUBSIDIARY COMPANIES (CONTINUED)

**Acquisition of subsidiary in previous financial year** (continued)

The acquired subsidiary company, which qualified as a business combination, contributed the following results from its date of acquisition to the Group:

**2012**
**GROUP**

| | RM'000 |
|---|---|
| Revenue | 2,586 |
| Loss | (148) |

The fair values of the identifiable assets and liabilities of PT Boga as at the date of acquisition are as follows:

**2012**
**GROUP**

| | RM'000 |
|---|---|
| Non-current assets | 3,196 |
| Current assets | 4,080 |
| | 7,276 |
| Non-current liabilities | 311 |
| Current liabilities | 4,410 |
| | 4,721 |
| Fair value of net assets | 2,555 |
| Less: Non-controlling interests | (1,252) |
| Group's share of net assets | 1,303 |
| Goodwill on acquisition (Note 6) | 83 |
| Total cost of acquisition | 1,386 |

The net cash flows on acquisition are as follows:

**2012**
**GROUP**

| | RM'000 |
|---|---|
| Purchase consideration satisfied by cash | (1,386) |
| Cash and cash equivalent of subsidiary company acquired | 119 |
| Net cash outflow on acquisition of a subsidiary company | (1,267) |

There was no acquisition of subsidiary company subsequent to the financial year end.

The incorporation of a subsidiary company during the financial year which did not have any material effect on the financial position of the Group and of the Company is not listed above.

## 5. JOINTLY CONTROLLED ENTITY

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013<br>RM'000 | 2012<br>RM'000 | 2013<br>RM'000 | 2012<br>RM'000 |
| Cost of investment | **71,913** | – | **71,913** | – |
| Share of post-acquisition reserves | **8,048** | – | **–** | – |
| | **79,961** | – | **71,913** | – |

Details of the jointly controlled entity are as follows:

| NAME OF JOINTLY CONTROLLED ENTITY | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITIES | EFFECTIVE INTEREST (%) 2013 | EFFECTIVE INTEREST (%) 2012 |
|---|---|---|---|---|
| **Held by the Company:** | | | | |
| Berjaya Starbucks Coffee Company Sdn Bhd | Malaysia | Development and operation of the "Starbucks Coffee" chain of cafes and retail outlets in Malaysia | **50** | – |

The aggregate amounts of each of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Company's interest in the jointly controlled entity are as follows:

| | GROUP | |
|---|---|---|
| | 2013<br>RM'000 | 2012<br>RM'000 |
| **Assets and liabilities** | | |
| Current assets | **36,069** | – |
| Non-current assets | **29,102** | – |
| Total assets | **65,171** | – |
| Current liabilities | **24,670** | – |
| Non-current liabilities | **–** | – |
| Total liabilities | **24,670** | – |
| **Results** | | |
| Revenue | **92,699** | – |
| Profit for the year | **9,048** | – |

## 6. INTANGIBLE ASSETS

**GROUP**

| | GOODWILL RM'000 | TRADEMARKS RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **2013** | | | |
| Net carrying amount | | | |
| At beginning of year | **1,340** | **–** | **1,340** |
| Acquisition of subsidiary company (Note 4) | **7,105** | **7,646** | **14,751** |
| Impairment loss | **(83)** | **–** | **(83)** |
| At end of year | **8,362** | **7,646** | **16,008** |

| | GOODWILL RM'000 | TOTAL RM'000 |
|---|---|---|
| **2012** | | |
| Net carrying amount | | |
| At beginning of year | 986 | 986 |
| Arising from acquisition of business operations | 271 | 271 |
| Acquisition of subsidiary company (Note 4) | 83 | 83 |
| At end of year | 1,340 | 1,340 |

**GROUP**

| | COST RM'000 | ACCUMULATED IMPAIRMENT LOSSES RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **As at 30 April 2013** | | | |
| Goodwill | **8,445** | **(83)** | **8,362** |
| Trademarks | **7,646** | **–** | **7,646** |
| | **16,091** | **(83)** | **16,008** |
| **As at 30 April 2012** | | | |
| Goodwill | 1,340 | – | 1,340 |

(a) Acquisition of business operations in previous financial year

On 30 September 2011, BRoasters acquired two business operations which are involved with development and operation of the "Kenny Rogers Roasters" chain of restaurants. The cost of acquisition for both the operations amounted to RM1,500,000.

The acquired business operations contributed the following results to BRoasters:

| | 01.10.2011 TO 30.04.2012 RM'000 |
|---|---|
| Revenue | 1,678 |
| Profit for the period | 144 |

## 6. INTANGIBLE ASSETS (CONTINUED)

(a) Acquisition of business operations in previous financial year (continued)

The assets arising from the acquisition were as follows:

| | FAIR VALUE AND ACQUIREES' CARRYING AMOUNT RECOGNISED ON ACQUISITION RM'000 |
|---|---|
| Property, plant and equipment (Note 3) | 1,096 |
| Inventories | 133 |
| Fair value and Group's share of net assets | 1,229 |
| Goodwill | 271 |
| Total cost and cash outflow of the acquisition | 1,500 |

(b) There were no acquisitions subsequent to 30 April 2013.

(c) During the financial year, the Group carried out a review of the recoverable amount of goodwill and an impairment loss of RM83,000 was recognised in the profit or loss.

(d) Impairment testing on goodwill

Key assumptions used in VIU calculation

The recoverable amount of a CGU is determined based on VIU calculation using cash flow projections based on financial budgets covering a five-year period. The key assumptions used for VIU calculations are:

(i) Budgeted gross margin and growth rate

The basis used to determine the value assigned to the budgeted gross margins and growth rate is the average gross margin and average growth rate achieved in the years before the budgeted year and adjusted for expected efficiency improvements.

(ii) Discount rate

The discount rate used reflects specific risks relating to the Group. The significant post-tax discount rate, applied to post-tax cash flows, used for identified CGUs are in the range of 13.5% -15.32% (2012: 15.5%).

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

(e) Impairment testing on trademarks

Key assumptions used in VIU calculation

The recoverable amount of a CGU is determined based on the VIU calculation using cash flow projection for the estimated savings on royalties based on financial budgets covering a five-year period. The key assumptions used for VIU calculations are:

(i) Estimated royalty rate

The estimated royalty rate is determined by referring to other royalty rates in similar businesses.

(ii) Discount rate

The discount rate used reflects specific risks relating to the Group. The significant post-tax discount rate, applied to post-tax cash flows, used for identified CGU is 15.32%.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

## 7. INVENTORIES

| | GROUP | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| At cost: | | |
| Food and beverages | **3,317** | 2,392 |
| Paper and packaging | **167** | 147 |
| Spares and other supplies | **383** | 413 |
| | **3,867** | 2,952 |

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM43,115,000 (2012: RM26,792,000).

## 8. TRADE AND OTHER RECEIVABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Trade receivables** | **702** | 96 | **–** | – |
| **Other receivables** | | | | |
| Deposits | **9,834** | 7,640 | **–** | – |
| Sundry receivables | **766** | 2,717 | **–** | 201 |
| Amount owing by : | | | | |
| – related companies | **32** | 142 | **–** | – |
| – subsidiary companies | **–** | – | **29,519** | 2,967 |
| – holding company | **–** | – | **9** | – |
| | **10,632** | 10,499 | **29,528** | 3,168 |
| Less: Allowance for impairment | **–** | (28) | **–** | – |
| | **10,632** | 10,471 | **29,528** | 3,168 |
| **Other current assets** | | | | |
| Prepayments | **4,338** | 1,218 | **197** | 311 |
| Dividend receivable | **–** | – | **–** | 4,250 |
| Indirect tax recoverable | **1,904** | 1,141 | **–** | – |
| | **6,242** | 2,359 | **197** | 4,561 |
| Total trade and other receivables | **17,576** | 12,926 | **29,725** | 7,729 |

The trade receivables are in respect of customers using credit card transactions and are aged within 6 (2012: 6) days. The Group's trade receivables are neither past due nor impaired.

The sundry receivables are non-interest bearing and generally on 30 (2012: 30) days terms.

The amounts owing by related companies are unsecured, non-interest bearing and repayable on demand. The amounts owing by subsidiary companies are unsecured, interest bearing and repayable on demand. In the previous financial year, the amounts owing by subsidiary company were unsecured, non-interest bearing and repayable on demand.

## 8. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Other receivables

(i) Movement in allowance account:

| | GROUP | |
|---|---|---|
| | 2013 RM'000 | 2012 RM'000 |
| At beginning of year | **28** | – |
| Arising from acquisition of subsidiary company | **–** | 28 |
| Write off | **(28)** | – |
| At end of year | **–** | 28 |

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

## 9. DEPOSITS WITH FINANCIAL INSTITUTIONS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Deposits with: | | | | |
| Licensed bank | **347** | 8,800 | **347** | – |
| Other financial institutions | **395** | – | **–** | – |
| | **742** | 8,800 | **347** | – |

The interest rates per annum and maturities of deposits as at reporting date were as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Interest rates per annum (%) | | | | |
| Licensed bank | **3.00** | 2.40 | **3.00** | – |
| Other financial institutions | **0.15** | – | **–** | – |
| Maturities (days) | | | | |
| Licensed bank | **30** | 7 | **30** | – |
| Other financial institutions | **105** | – | **–** | – |

## 10. CASH AND BANK BALANCES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Cash and bank balances | **18,492** | 15,532 | **476** | 511 |
| Cash funds | **–** | 12,378 | **–** | – |
| | **18,492** | 27,910 | **476** | 511 |

Cash at banks earn interest at floating rates based on daily bank deposit rates. The range of interest rates as at reporting date was 1.35% – 2.15% (2012: 2.71% - 2.96%) per annum.

## 11. SHARE CAPITAL

| | GROUP AND COMPANY | | | |
|---|---|---|---|---|
| | NUMBER OF SHARES | | SHARE CAPITAL | |
| | 2013 '000 | 2012 '000 | 2013 RM'000 | 2012 RM'000 |
| Ordinary shares of RM0.50 each | | | | |
| **Authorised:** | | | | |
| At end of year | **1,200,000** | 1,200,000 | **600,000** | 600,000 |
| **Issued and fully paid:** | | | | |
| At beginning of year | **143,476** | 141,766 | **71,738** | 70,883 |
| Issue during the year | **115,082** | – | **57,541** | – |
| Employees' share options exercised | **704** | 1,710 | **352** | 855 |
| Warrants exercised | **1,782** | – | **891** | – |
| At end of year | **261,044** | 143,476 | **130,522** | 71,738 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares rank equally with regard to the Company's residual assets.

## 12. RESERVES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Share premium | **1,633** | 1,682 | **1,633** | 1,682 |
| Merger deficit (Note a) | **(55,087)** | (55,087) | **–** | – |
| ESOS reserve (Note b) | **527** | 427 | **527** | 427 |
| Warrant reserve (Note c) | **21,527** | – | **21,527** | – |
| Exchange reserves | **(307)** | (94) | **–** | – |
| | **(31,707)** | (53,072) | **23,687** | 2,109 |
| Retained earnings (Note d) | **43,933** | 37,405 | **8,115** | 4,949 |
| | **12,226** | (15,667) | **31,802** | 7,058 |

**Notes:**

**(a) Merger deficit**

Merger deficit represents the difference between the carrying value of the Company's cost of investment in subsidiary company and the nominal value of share capital of the subsidiary company acquired.

**(b) ESOS reserve**

The ESOS reserve represents the equity-settled share options granted to certain employees of the Group. The ESOS reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options and is reduced by the expiry, forfeiture or exercise of the share options.

**(c) Warrant reserve**

On 9 August 2012, 115,081,760 5-year Warrants 2012/2017 ("Warrants") were issued by the Company to the subscribers of the rights issue of the Company's ordinary shares. The Warrants are constituted by a deed poll dated 2 July 2012. The Warrants were listed on Bursa Malaysia on 13 August 2012. During the financial year, 1,781,480 shares have been issued pursuant to the exercise of the Warrants. As at the end of the financial year, there was a total of 113,300,280 Warrants outstanding.

## 12. RESERVES (CONTINUED)

### (c) Warrant reserve (continued)

The main features of the Warrants are as follows:

- Each Warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share of RM0.50 each in the Company at an exercise price of RM0.70 per ordinary share.
- The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital, bonus issue, capital distribution and rights issue by the Company in accordance with the conditions provided in the deed poll.
- The Warrants shall be exercisable at any time within the period commencing on and including the date of issue on 9 August 2012 of the Warrants and ending on the date preceding the fifth anniversary of the date of issue of the Warrants.
- Upon exercise of the Warrants into new ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of the Company in issue at the time of exercise except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the Warrants are exercised or any interim dividend declared prior to the date of exercise of the Warrants.
- At the expiry of the exercise period, any Warrants which have not been exercised will lapse and cease to be valid for any purposes.

### (d) Retained earnings

The Company may distribute dividend out of its entire retained earnings as at 30 April 2013 under the single-tier system without incurring additional tax liability.

## 13. DEFERRED TAX

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013<br>RM'000 | 2012<br>RM'000 | 2013<br>RM'000 | 2012<br>RM'000 |
| At beginning of the year | **1,904** | 1,954 | **–** | – |
| Recognised in income statement (Note 19) | **162** | 38 | **1** | – |
| Arising on acquisition of subsidiary company | **129** | (88) | **–** | – |
| Exchange differences | **9** | – | **–** | – |
| At end of the year | **2,204** | 1,904 | **1** | – |

Presented after appropriate offsetting as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013<br>RM'000 | 2012<br>RM'000 | 2013<br>RM'000 | 2012<br>RM'000 |
| Deferred tax assets | **(183)** | (108) | **–** | – |
| Deferred tax liabilities | **2,387** | 2,012 | **1** | – |
| | **2,204** | 1,904 | **1** | – |

## 13. DEFERRED TAX (CONTINUED)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

**GROUP**

| | UNUSED TAX LOSSES AND UNABSORBED CAPITAL ALLOWANCES RM'000 | PROPERTY, PLANT AND EQUIPMENT RM'000 | RETIREMENT BENEFITS AND OTHERS RM'000 | TOTAL RM'000 |
|---|---|---|---|---|
| **Deferred Tax Assets** | | | | |
| At 1 May 2012 | (1) | (78) | (108) | (187) |
| Recognised in profit or loss | 1 | – | (72) | (71) |
| Arising on acquisition of subsidiary | – | – | (12) | (12) |
| Exchange differences | – | – | 9 | 9 |
| At 30 April 2013 | – | (78) | (183) | (261) |
| Set-off against deferred tax liabilities | | | | 78 |
| | | | | (183) |
| At 1 May 2011 | – | (75) | – | (75) |
| Recognised in profit or loss | (1) | (3) | (20) | (24) |
| Arising on acquisition of subsidiaries | – | – | (88) | (88) |
| At 30 April 2012 | (1) | (78) | (108) | (187) |
| Set-off against deferred tax liabilities | | | | 79 |
| | | | | (108) |

**GROUP**

| | PROPERTY, PLANT AND EQUIPMENT RM'000 | TOTAL RM'000 |
|---|---|---|
| **Deferred Tax Liabilities** | | |
| At 1 May 2012 | 2,091 | 2,091 |
| Recognised in profit or loss | 233 | 233 |
| Arising on acquisition of subsidiaries | 141 | 141 |
| At 30 April 2013 | 2,465 | 2,465 |
| Set-off against deferred tax assets | | (78) |
| | | 2,387 |
| At 1 May 2011 | 2,029 | 2,029 |
| Recognised in profit or loss | 62 | 62 |
| At 30 April 2012 | 2,091 | 2,091 |
| Set-off against deferred tax assets | | (79) |
| | | 2,012 |

# NOTES TO THE FINANCIAL STATEMENTS
– 30 April 2013

## 13. DEFERRED TAX (CONTINUED)

### COMPANY

| | UNUSED TAX LOSSES AND UNABSORBED CAPITAL ALLOWANCES RM'000 | TOTAL RM'000 |
|---|---|---|
| **Deferred Tax Assets** | | |
| At 1 May 2012 | (1) | (1) |
| Recognised in profit or loss | 1 | 1 |
| At 30 April 2013 | – | – |
| Set-off against deferred tax liabilities | | – |
| | | – |
| At 1 May 2011 | – | – |
| Recognised in profit or loss | (1) | (1) |
| At 30 April 2012 | (1) | (1) |
| Set-off against deferred tax liabilities | | 1 |
| | | – |

### COMPANY

| | PROPERTY, PLANT AND EQUIPMENT RM'000 | TOTAL RM'000 |
|---|---|---|
| **Deferred Tax Liabilities** | | |
| At 1 May 2012 | 1 | 1 |
| Recognised in profit or loss | – | – |
| At 30 April 2013 | 1 | 1 |
| Set-off against deferred tax assets | | – |
| | | 1 |
| At 1 May 2011 | – | – |
| Recognised in profit or loss | 1 | 1 |
| At 30 April 2012 | 1 | 1 |
| Set-off against deferred tax assets | | (1) |
| | | – |

## 13. DEFERRED TAX (CONTINUED)

Deferred tax assets have not been recognised in respect of the following item:

| | GROUP 2013 RM'000 | GROUP 2012 RM'000 |
|---|---|---|
| Unused tax losses | **6,247** | 4,644 |

The availability of the foreign unused tax losses is subject to the tax legislation of its country.

## 14. PROVISIONS

**GROUP**

| | RESTORATION COSTS RM'000 | RETIREMENT BENEFITS RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **At 30 April 2013** | | | |
| At beginning of year | **2,070** | **371** | **2,441** |
| Additional provision | **633** | **345** | **978** |
| Utilisation of provision | **(116)** | **–** | **(116)** |
| Acquisition of subsidiary company | **268** | **–** | **268** |
| Foreign currency translation | **(8)** | **(31)** | **(39)** |
| At end of year | **2,847** | **685** | **3,532** |
| **At 30 April 2013** | | | |
| Current | **848** | **–** | **848** |
| Non-current | **1,999** | **685** | **2,684** |
| | **2,847** | **685** | **3,532** |
| **At 30 April 2012** | | | |
| At beginning of year | 1,178 | – | 1,178 |
| Additional provision | 908 | 80 | 988 |
| Utilisation of provision | (16) | – | (16) |
| Acquisition of subsidiary company | – | 293 | 293 |
| Foreign currency translation | – | (2) | (2) |
| At end of year | 2,070 | 371 | 2,441 |
| **At 30 April 2012** | | | |
| Current | 356 | – | 356 |
| Non-current | 1,714 | 371 | 2,085 |
| | 2,070 | 371 | 2,441 |

## 14. PROVISIONS (CONTINUED)

**Notes:**

### (a) Restoration costs

Provision for restoration costs is made based on the estimated cost of restoring the rented premises, arising from the use of such premises and in accordance to the stipulations in the tenancy agreements. The estimated costs of such restoration are included in the cost of property, plant and equipment.

The estimated restoration costs are reviewed and updated annually based on the latest cost of restoring a premise.

Provision for restoration costs is classified as current liabilities unless the tenancy agreement, for which the restoration is required, expire at least 12 months after the reporting date.

### (b) Retirement benefits

A foreign subsidiary company operates an unfunded, defined retirement benefit scheme and the estimated liabilities of the benefits are based on actuarial valuation by an independent actuary.

The amount of unfunded defined benefit obligation recognised in the statement of financial position is determined as follows:

| | GROUP | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| Present value of obligation | **797** | 466 |
| Unrecognised actuarial loss | **(112)** | (95) |
| Retirement benefit obligations | **685** | 371 |

The amount recognised in the profit or loss is as follows:

| | GROUP | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| Current service cost | **393** | 70 |
| Interest cost | **33** | 9 |
| Net actuarial gain | **14** | 1 |
| Curtailment effect | **(95)** | – |
| | **345** | 80 |

The foreign subsidiary company maintains an unfunded retirement benefit plan where the estimated liabilities of employee benefit is determined based on actuary valuation by an independent actuary using the projected unit credit method.

The following principal assumptions were used to determine the unfunded defined benefit obligations:

| | GROUP | |
|---|---|---|
| | **2013** | **2012** |
| Discount rate | **6.5%** | 7.0% |
| Rate of average salary increase | **12.0%** | 12.0% |

## 15. TRADE AND OTHER PAYABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Trade payables | **6,069** | 5,155 | **–** | – |
| Other payables | **401** | 1,708 | **–** | – |
| Accruals | **7,790** | 8,104 | **125** | 437 |
| Amount owing to: | | | | |
| – related companies | **115** | 3 | **15** | 3 |
| – subsidiary company | **–** | – | **12,538** | 1,479 |
| – holding company | **–** | 87 | **–** | 87 |
| – ultimate holding company | **75** | 75 | **75** | 75 |
| – jointly controlled entity | **120** | – | **120** | – |
| | **14,570** | 15,132 | **12,873** | 2,081 |

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 - 45 days (2012: 30 - 45 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on 30 - 45 days (2012: 30 - 45 days) terms.

(c) The amounts owing to related companies and holding company are unsecured, non-interest bearing and repayable on demand.

The amount owing to a subsidiary company is unsecured, interest-bearing and repayable on demand. In the previous financial year, the amount owing to a subsidiary company is unsecured, non-interest bearing and repayable on demand.

The amount owing to the jointly controlled entity is unsecured, non interest-bearing and repayable on demand.

## 16. REVENUE

Revenue consists of the following:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Sale of food and beverages | **121,915** | 88,598 | **–** | – |
| Dividend income from: | | | | |
| – subsidiary company | **–** | – | **15,572** | 7,990 |
| – jointly controlled entity | **–** | – | **1,247** | – |
| | **121,915** | 88,598 | **16,819** | 7,990 |

## 17. PROFIT BEFORE TAX

| | GROUP 2013 RM'000 | GROUP 2012 RM'000 | COMPANY 2013 RM'000 | COMPANY 2012 RM'000 |
|---|---|---|---|---|
| **Profit before tax is arrived at after charging:** | | | | |
| Directors' remuneration (Note 18) | | | | |
| – emoluments (excluding benefits-in-kind) | **614** | 9 | **90** | 9 |
| – fees | **60** | 60 | **60** | 60 |
| Auditors' remuneration | | | | |
| – statutory audit fee | **106** | 86 | **25** | 20 |
| – under provision in prior years | **1** | 10 | **5** | – |
| – fees for non audit services | **6** | 6 | **6** | 6 |
| Depreciation of property, plant and equipment | **7,196** | 5,201 | **2** | 1 |
| Loss on sale of property, plant and equipment | **–** | 83 | **–** | – |
| Property, plant and equipment written off | **213** | 451 | **–** | – |
| Impairment loss on goodwill | **83** | – | **–** | – |
| Rental expenses | | | | |
| – related companies | **126** | 186 | **–** | – |
| – third parties | **26,153** | 12,674 | **–** | – |
| Royalty expense payable to a related company | **682** | 648 | **–** | – |
| Staff costs (Note a) | **31,026** | 22,800 | **105** | 181 |
| Loss on foreign exchange | | | | |
| – realised | **17** | 3 | **–** | – |
| – unrealised | **600** | – | **–** | – |
| Interest expenses payable to a subsidiary company | **–** | – | **505** | – |
| **and crediting:** | | | | |
| Gain on sale of property, plant and equipment | **82** | 53 | **–** | – |
| Royalty fee income | **495** | 375 | **–** | – |
| Government grant | **107** | – | **–** | – |
| Interest income: | | | | |
| – subsidiary company | **–** | – | **629** | – |
| – financial institutions | **382** | 657 | **19** | – |
| Service charge income | **8,251** | 7,333 | **–** | – |

(a) Staff costs consist of the following:

| | GROUP 2013 RM'000 | GROUP 2012 RM'000 | COMPANY 2013 RM'000 | COMPANY 2012 RM'000 |
|---|---|---|---|---|
| Wages, salaries and allowances | **25,053** | 16,672 | **24** | – |
| Social security costs and employees insurance | **387** | 301 | **–** | 31 |
| Bonuses | **1,658** | 1,402 | **–** | – |
| Pension costs | | | | |
| – defined contribution plans | **2,659** | 2,002 | **3** | – |
| – defined benefit plan | **345** | 80 | **–** | – |
| Provision for short term compensated absences | **(14)** | 38 | **–** | – |
| Share option granted under ESOS | **225** | 475 | **78** | 150 |
| Other staff related expenses | **713** | 1,830 | **–** | – |
| | **31,026** | 22,800 | **105** | 181 |

Staff costs exclude remuneration of executive directors.

## 18. DIRECTORS' REMUNERATION

The aggregate directors' remuneration paid or payable to all directors of the Group and of the Company categorised into appropriate components for the financial year are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| **Directors of the Company** | | | | |
| Executive | | | | |
| Salaries and other emoluments | **360** | – | **81** | – |
| Bonus | **102** | – | **–** | – |
| | **462** | – | **81** | – |
| Non-executive | | | | |
| Fees | **60** | 60 | **60** | 60 |
| Other emoluments | **9** | 9 | **9** | 9 |
| | **69** | 69 | **69** | 69 |
| | **531** | 69 | **150** | 69 |
| **Other directors of the Group** | | | | |
| Salaries and other emoluments | **143** | – | **–** | – |
| Total directors' remuneration | **674** | 69 | **150** | 69 |

## 19. INCOME TAX EXPENSE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Current Income tax: | | | | |
| – Malaysian income tax | **4,584** | 3,684 | **291** | – |
| – Foreign tax | **79** | – | **–** | – |
| | **4,663** | 3,684 | **291** | – |
| Over provision in prior years | | | | |
| – Malaysian income tax | **(713)** | (71) | **–** | – |
| | **3,950** | 3,613 | **291** | – |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | **(4)** | 8 | **1** | – |
| Under provision in prior years | **166** | 30 | **–** | – |
| | **162** | 38 | **1** | – |
| Income tax expense | **4,112** | 3,651 | **292** | – |

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction.

## 19. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Profit before tax | **21,395** | 14,635 | **15,558** | 6,649 |
| Applicable tax rate (%) | **25** | 25 | **25** | 25 |
| Taxation at applicable tax rate | **5,349** | 3,659 | **3,890** | 1,662 |
| Income not subject to tax | **(139)** | (101) | **(3,958)** | (1,997) |
| Expenses not deductible under tax legislation | **1,969** | 979 | **360** | 375 |
| Effect of different tax rate in other country | **(119)** | – | **–** | – |
| Effect of other tax incentives | **(139)** | – | **–** | – |
| Effect of share of result of jointly controlled entity | **(2,262)** | – | **–** | – |
| Recognition of previously unrecognised deferred tax assets | **–** | (20) | **–** | – |
| Over provision of income tax in prior years | **(713)** | (71) | **–** | – |
| Under provision of deferred tax in prior years | **166** | 30 | **–** | – |
| Group relief | **–** | (825) | **–** | – |
| Income tax expense | **4,112** | 3,651 | **292** | – |

## 20. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

| | GROUP | |
|---|---|---|
| | 2013 RM'000 | 2012 RM'000 |
| Profit attributable to equity holders | **18,628** | 11,126 |
| Weighted average number of ordinary shares in issue | **228,098** | 142,126 |
| Basic earnings per share (sen) | **8.17** | 7.83 |

## 20. EARNINGS PER SHARE (CONTINUED)

### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year, have been adjusted for the dilutive effects of the dilutive instruments of the Group.

| | GROUP | |
|---|---|---|
| | 2013 RM'000 | 2012 RM'000 |
| Profit attributable to equity holders | **18,628** | 11,126 |
| Weighted average number of ordinary shares in issue | **228,098** | 142,126 |
| Assumed shares issued from the | | |
| – exercise of employees' share options | **2,578** | 2,240 |
| – exercise of warrants | **54,552** | – |
| Adjusted weighted average number of ordinary shares | **285,228** | 144,366 |
| Diluted earnings per share (sen) | **6.53** | 7.71 |

## 21. DIVIDENDS

| | COMPANY | | | |
|---|---|---|---|---|
| | 2013 NET DIVIDEND PER SHARE SEN | 2013 NET DIVIDEND RM'000 | 2012 NET DIVIDEND PER SHARE SEN | 2012 NET DIVIDEND RM'000 |
| **Recognised during the year** | | | | |
| – 2nd interim dividend of 5% single-tier exempt dividend approved in respect of financial year ended 30 April 2012 (2012: 6% single-tier exempt dividend in respect of financial year ended 30 April 2011) | **2.50** | **3,589** | 3.00 | 4,257 |
| – First interim dividend of 3% single-tier exempt dividend approved in respect of financial year ended 30 April 2013 (2012: 4% single-tier exempt dividend in respect of financial year ended 30 April 2012) | **1.50** | **3,907** | 2.00 | 2,844 |
| | **4.00** | **7,496** | 5.00 | 7,101 |

On 13 June 2013, the Company approved and declared a second interim single-tier exempt dividend of 2.0 sen per share in respect of the financial year ended 30 April 2013 amounting to about RM5,254,000. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2014.

## 22. SEGMENTAL INFORMATION

The Group operates predominantly in one business segment in Malaysia and outside Malaysia. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Unallocated assets include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segments.

| | 2013 RM'000 | 2012 RM'000 |
|---|---|---|
| **Results** | | |
| Malaysia | **14,794** | 15,633 |
| Indonesia | **(2,818)** | (311) |
| Singapore | **1,484** | – |
| | **13,460** | 15,322 |
| Unallocated corporate expenses | **(1,411)** | (1,344) |
| | **12,049** | 13,978 |
| Other income – investing activities | **381** | 657 |
| Other expenses – investing activities | **(83)** | – |
| Share of results of jointly controlled entity | **9,048** | – |
| Profit before tax | **21,395** | 14,635 |
| Taxation | **(4,112)** | (3,651) |
| Profit for the year | **17,283** | 10,984 |

| | REVENUE RM'000 | CAPITAL EXPENDITURE RM'000 | ASSETS RM'000 |
|---|---|---|---|
| **2013** | | | |
| Malaysia | **95,716** | **6,872** | **49,657** |
| Indonesia | **10,882** | **3,919** | **12,365** |
| Singapore | **15,317** | **384** | **8,891** |
| | **121,915** | **11,175** | **70,913** |
| Unallocated items | **–** | **–** | **96,152** |
| **Total** | **121,915** | **11,175** | **167,065** |
| **2012** | | | |
| Malaysia | 86,012 | 8,970 | 69,762 |
| Indonesia | 2,586 | 92 | 8,161 |
| | 88,598 | 9,062 | 77,923 |
| Unallocated items | – | – | 1,448 |
| **Total** | 88,598 | 9,062 | 79,371 |

## 23. EMPLOYEES' SHARE OPTION SCHEME

The ESOS was approved by the shareholders at an Extraordinary General Meeting held on 14 January 2011. The ESOS is administered by a committee ("ESOS Committee").

All confirmed employees are entitled to a grant of options. The Grantee is an eligible employee who has accepted the offer of the options. The aggregate number of shares which a Grantee can subscribe under his option in a particular year shall at all times be subject to a maximum of twenty per cent of the total number of shares comprising the options held by such Grantee. However, options which are exercisable in a particular year can be carried forward and be exercised in the subsequent years. The exercise price of the first offer of the share options is equal to the initial public offer price of the shares in the Company and for subsequent offers, the subscription price shall be the five-day weighted average market price of the shares in the Company on the date of offer, with a discount not exceeding ten per cent or at par value of the shares, whichever is higher. The ESOS is for a period of five (5) years from the effective date which is 8 March 2011. The ESOS Committee shall have the discretion to extend the tenure of the ESOS for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years. There are no cash settlement alternatives.

The grant date of the first offer of ESOS was on 8 March 2011.

Movement of share options during the financial year

The following table illustrates the number ("No.") and exercise price ("EP") of, and movements in, share options during the financial year:

| | COMPANY 2013 | |
|---|---|---|
| | NO. | EP (RM) |
| Outstanding at beginning of year | **5,080,700** | **0.51** |
| – Forfeited | **(235,000)** | **0.51** |
| – Exercised | **(704,100)** | **0.51** |
| Outstanding at end of year | **4,141,600** | **0.51** |
| Exercisable at end of year | **1,409,600** | **0.51** |

- The fair value of options granted at the grant date was estimated to be RM0.17.
- The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.31.
- The exercise price for options outstanding at the end of the year was RM0.51 per share. The remaining contractual life for these options is 2.85 years.

Fair value of share options granted

The fair value of the share options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model:

| | GRANT DATE 8.03.2011 |
|---|---|
| Dividend yield (%) | 5.20 |
| Expected volatility (%) | 37.55 |
| Risk-free interest rate (% p.a) | 3.51 |
| Expected life of options (Years) | 5 |
| Underlying share price (RM) | 0.635 |

The expected life of the options is based on the contractual life of the options. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the options, is indicative of future trends, which may not necessarily be the actual outcome.

## 24. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed in Note 17, the Group had the following transactions with related parties during the financial year:

| | NOTE | GROUP 2013 RM'000 | GROUP 2012 RM'000 | COMPANY 2013 RM'000 | COMPANY 2012 RM'000 |
|---|---|---|---|---|---|
| Management fees payable to Berjaya Corporation Berhad | | **300** | 300 | **300** | 300 |
| Purchase of cleaning material from Kimia Suchi Marketing Sdn. Bhd. | a | **181** | 194 | **–** | – |
| Promotion and advertising expenses charged by Sun Media Corporation Sdn Bhd | b | **494** | 989 | **–** | – |
| Purchase of motor vehicles, component parts and other related products and services from Dunia Prestasi Auto Sdn Bhd | c | **–** | 981 | **–** | – |
| Consultancy fee paid to a director of a foreign subsidiary | | **10** | – | **–** | – |

**Notes:**

(a) Subsidiary company of BCorp group.

(b) Associate company of BCorp group.

(c) It has ceased to be an associate company of BCorp group with effect from 15 August 2012.

The purchase of products such as cleaning material, motor vehicles and rendering of services by related companies to the Group were made according to published prices and on terms and conditions which are not materially different from those normally offered by the related companies to their major customers.

Other related party transactions are entered into based on mutually agreed terms between the related parties.

## 25. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the key management personnel, who are the directors of the Group and of the Company, are as follows:

| | GROUP 2013 RM'000 | GROUP 2012 RM'000 | COMPANY 2013 RM'000 | COMPANY 2012 RM'000 |
|---|---|---|---|---|
| Short-term benefits | **614** | 69 | **141** | 69 |
| Post-employment benefits | **60** | – | **9** | – |
| | **674** | 69 | **150** | 69 |

## 26. COMMITMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Capital expenditure | | | | |
| Property, plant and equipment | | | | |
| – approved and contracted for | **4,301** | 10,280 | **–** | – |
| – approved but not contracted for | **17,904** | 6,584 | **–** | – |
| | **22,205** | 16,864 | **–** | – |
| Purchase consideration for shares | **–** | 71,698 | **–** | 71,698 |
| | **22,205** | 88,562 | **–** | 71,698 |

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

| | GROUP | |
|---|---|---|
| | 2013 RM'000 | 2012 RM'000 |
| Non-cancellable operating lease commitments as lessees | | |
| – Within 1 year after reporting date | **12,039** | 7,914 |
| – Later than 1 year but not more than 5 years | **15,453** | 9,472 |
| – More than 5 years | **2,246** | – |
| | **29,738** | 17,386 |

## 27. CONTINGENT LIABILITY

| | GROUP | |
|---|---|---|
| | 2013 RM'000 | 2012 RM'000 |
| **Unsecured** | | |
| Bank guarantees issued to third parties | **251** | 241 |

## 28. FINANCIAL INSTRUMENTS

### (i) Classification of financial instruments

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

**GROUP**

| | NOTE | LOANS AND RECEIVABLES RM'000 | FINANCIAL LIABILITIES AT AMORTISED COST RM'000 | TOTAL RM'000 |
|---|---|---|---|---|
| **2013** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 8 | **10,632** | **–** | **10,632** |
| Deposits with financial institutions | 9 | **742** | **–** | **742** |
| Cash and bank balances | 10 | **18,492** | **–** | **18,492** |
| Total financial assets | | **29,866** | **–** | **29,866** |
| **Financial liabilities** | | | | |
| Trade and other payables, representing total financial liabilities | 15 | **–** | **14,570** | **14,570** |
| **2012** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 8 | 10,471 | – | 10,471 |
| Deposits with financial institutions | 9 | 8,800 | – | 8,800 |
| Cash and bank balances | 10 | 27,910 | – | 27,910 |
| Total financial assets | | 47,181 | – | 47,181 |
| **Financial liabilities** | | | | |
| Trade and other payables, representing total financial liabilities | 15 | – | 15,132 | 15,132 |

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### (i) Classification of financial instruments (continued)

**COMPANY**

| | NOTE | LOANS AND RECEIVABLES RM'000 | FINANCIAL LIABILITIES AT AMORTISED COST RM'000 | TOTAL RM'000 |
|---|---|---|---|---|
| **2013** | | | | |
| **Assets** | | | | |
| Trade and other receivables | 8 | **29,528** | **–** | **29,528** |
| Deposit with financial institution | 9 | **347** | **–** | **347** |
| Cash and bank balances | 10 | **476** | **–** | **476** |
| Total financial assets | | **30,351** | **–** | **30,351** |
| **Liabilities** | | | | |
| Trade and other payables, representing total financial liabilities | 15 | **–** | **12,873** | **12,873** |
| **2012** | | | | |
| **Assets** | | | | |
| Trade and other receivables | 8 | 3,168 | – | 3,168 |
| Cash and bank balances | 10 | 511 | – | 511 |
| Total financial assets | | 3,679 | – | 3,679 |
| **Liabilities** | | | | |
| Trade and other payables, representing total financial liabilities and total liabilities | 15 | – | 2,081 | 2,081 |

### (ii) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

| CURRENT | NOTE |
|---|---|
| Trade and other receivables | 8 |
| Trade and other payables | 15 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risk (including interest rate risk and foreign exchange risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

### (a) Market risk

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Sensitivity analysis for interest rate risk

The Group has no interest bearing borrowings as at the reporting date while contribution from interest income is insignificant. As such, the Group is not sensitive to interest rate risk.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transaction currency exposure arising from purchases that are denominated in United States Dollar ("USD") and Singapore Dollar ("SGD"). Approximately 1.4% (2012: 1.3%) of the Group's costs of sales are denominated in foreign currencies. The Group's foreign exchange exposures in transactional currencies are kept to a minimal level.

Sensitivity analysis for foreign currency risk

The Group has minimal purchases denominated in foreign currencies. As such, the Group is not sensitive to foreign currency risk.

### (b) Credit risk

The Group's credit risk is primarily attributable to credit card sales. The Group trades only with recognised and creditworthy card centres.

The Group's sales are mainly on cash basis, as such, it is not exposed to significant credit risks in relation to its sales. Credit risks, or the risk of counterparties defaulting are minimized and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instrument.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables and amounts due from holding company and other related companies that are neither past due nor impaired is disclosed in Note 8. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that all refinancing, repayment and funding needs are met. As part of the Group's liquidity management, it maintains sufficient levels of cash and seeks co-operation and support from its suppliers and vendors to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The Group's trade and other payables are either repayable on demand or mature within one year.

## 30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

## 31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(1) On 19 July 2012, BFood completed the acquisition of a 50% equity interest in Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") from BGroup for a cash consideration of about RM71.7 million. Out of the RM71.7 million, RM16.8 million was settled in cash while the remaining balance of RM54.9 million was settled via a set-off against the rights subscription monies payable by BGroup pursuant to the rights issue exercise of the Company (refer Note 31(2)).

(2) On 25 August 2011, the Company announced a proposed renounceable rights issue of up to 118,944,800 new shares ("Rights Shares") in the Company together with up to 118,944,800 free detachable warrants ("Warrants") on the basis of four (4) Rights Shares together with four (4) Warrants for every five (5) BFood shares held by the entitled shareholders of the Company at an issue price of RM0.65 per Rights Share ("Rights Issue"). The exercise price of the Warrant is RM0.70 for every one new BFood share. A total of 115,081,760 Rights Shares and 115,081,760 Warrants were allotted on 9 August 2012, raising funds of about RM74.8 million. The actual cash proceeds received from the rights issue was about RM19.9 million as the rights subscription monies of RM54.9 million payable by BGroup pursuant to the rights issue was set-off entirely against part of the purchase consideration for the acquisition of BStarbucks (refer Note 31(1)). The Rights Shares and Warrants were listed on the Main Market of Bursa Malaysia Securities Berhad on 13 August 2012.

(3) On 7 December 2012, Berjaya Food (International) Sdn Bhd, a wholly-owned subsidiary company of the Group completed the acquisition of 100% equity interest in Jollibean Foods Pte Ltd ("Jollibean"), a Singapore-incorporated company, for a cash consideration of SGD7.5 million (or about RM18.8 million). Jolllibean is principally engaged in operations of retail outlets of its various brands.

## 32. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company into realised and unrealised profits is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Realised profits | **38,772** | 39,309 | **8,116** | 4,949 |
| Unrealised losses | **(2,804)** | (1,904) | **(1)** | – |
| Total retained profits | **35,968** | 37,405 | **8,115** | 4,949 |
| Consolidated adjustments | **7,965** | – | **–** | – |
| Retained earnings as per financial statements | **43,933** | 37,405 | **8,115** | 4,949 |

# RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

for the year ended 30 April 2013

The class and nature of the Recurrent Related Party Transactions of Berjaya Food Group are tabulated as follows:

| BERJAYA FOOD BERHAD ("BFOOD") GROUP WITH THE FOLLOWING RELATED PARTIES | NATURE OF TRANSACTIONS UNDERTAKEN BY BFOOD AND/OR ITS UNLISTED SUBSIDIARIES | AMOUNT TRANSACTED FROM 01.05.12-30.04.13 (RM'000) |
|---|---|---|
| **Berjaya Corporation Berhad ("BCorp") and its unlisted subsidiaries:-** | | |
| BCorp | Management fees payable by BFood for services rendered that include, inter-alia, the provision of finance, secretarial and general administrative services | 300 |
| Berjaya Registration Services Sdn Bhd | Receipt of share registration services by BFood | 44 |
| Roasters Asia Pacific (M) Sdn Bhd | Royalty fee payable by Berjaya Roasters (M) Sdn Bhd ("BRoasters") | 622 |
| | Income receivable pursuant to the rights awarded by BRoasters for granting of franchises to the Independent Franchisees | 303 |
| Roasters Asia Pacific (Cayman) Limited | Royalty fee payable by PT Boga Lestari Sentosa ("PT Boga") in respect of ongoing training and support services provided | 187 |
| | Franchise fee payable by PT Boga in respect of support services for the opening of new outlets | 212 |
| | Advertisement and promotion fund paid/payable by PT Boga | 53 |
| Securexpress Services Sdn Bhd | Provision of transportation services to BRoasters | 69 |
| Kimia Suchi Marketing Sdn Bhd | Purchase of cleaning chemical products by BRoasters | 181 |
| **Total** | | **1,971** |
| **Berjaya Land Berhad ("BLand") and its unlisted subsidiary:-** | | |
| Cempaka Properties Sdn Bhd | Rental payable at RM8,489 per month for renting of shoplot by BRoasters at Lot G-83 (Ground Floor) and concourse area at Lot CCS-B-Bay 5A, Berjaya Megamall, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter | 102 |
| **Total** | | **102** |
| **Berjaya Assets Berhad ("BAssets") and its unlisted subsidiary:-** | | |
| Berjaya Times Square Sdn Bhd | Rental payable at RM30,195 per month for renting of shoplot by BRoasters at Lot 03-85, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter | 362 |
| | Rental payable at RM 18,858 per month for renting of office by BRoasters at Lots 09-06 to 09-13, 9th Floor, Berjaya Times Square, No.1, Jalan Imbi, Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter | 226 |
| | Parking charges payable by BRoasters | 41 |
| **Total** | | **629** |

# RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

for the year ended 30 April 2013

| BERJAYA FOOD BERHAD ("BFOOD") GROUP WITH THE FOLLOWING RELATED PARTIES | NATURE OF TRANSACTIONS UNDERTAKEN BY BFOOD AND/OR ITS UNLISTED SUBSIDIARIES | AMOUNT TRANSACTED FROM 01.05.12-30.04.13 (RM'000) |
|---|---|---|
| **Berjaya Media Berhad ("BMedia") and its unlisted subsidiary:-** | | |
| Sun Media Corporation Sdn Bhd | Procurement of advertising and publishing services by BFood Group | 497 |
| **Total** | | **497** |
| **Other related company:-** | | |
| Qinetics Services Sdn Bhd (a) | Purchase of hardware, software and network equipment by BRoasters | 81 |
| **Total** | | **81** |
| **Grand total** | | **3,280** |

**Note:**

a. Qinetics Services Sdn Bhd is a wholly-owned subsidiary of Qinetics Solutions Sdn Bhd which in turn is an 88%-owned subsidiary of MOL.com. BCorp and Tan Sri Dato' Seri Vincent Tan Chee Yioun are deemed major shareholders of Qinetics Solutions Sdn Bhd by virtue of their interests in MOL.com.

# OTHER INFORMATION

## MATERIAL CONTRACTS

Other than as disclosed in Notes 8, 15, 16, 17, 24, 26 and 31 to the financial statements for the financial year ended 30 April 2013, there were no other material contracts entered into by Berjaya Food Berhad and its subsidiary companies involving Directors and major shareholders.

## ADDITIONAL INFORMATION

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 30 April 2013 amounted to RM6,000.

# STATEMENT OF DIRECTORS' SHAREHOLDINGS
as at 12 August 2013

**The Company:**

| | NUMBER OF ORDINARY SHARES OF RM0.50 EACH | | | |
|---|---|---|---|---|
| | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Dato' Robin Tan Yeong Ching | 965,300 | 0.37 | – | – |
| Dato' Lee Kok Chuan | 756,300 | 0.29 | – | – |
| Tan Thiam Chai | 260,000 | 0.10 | – | – |
| Datuk Zainun Aishah Binti Ahmad | 72,000 | 0.03 | – | – |
| Dato' Mustapha Bin Abd Hamid | 226,000 | 0.09 | – | – |

| | NUMBER OF ORDINARY SHARES OF RM0.50 EACH UNDER EMPLOYEES' SHARE OPTION SCHEME | | | |
|---|---|---|---|---|
| | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Dato' Robin Tan Yeong Ching | 600,000 | 0.23 | – | – |
| Dato' Lee Kok Chuan | 650,000 | 0.25 | – | – |
| Tan Thiam Chai | 60,000 | 0.02 | – | – |
| Datuk Zainun Aishah Binti Ahmad | 60,000 | 0.02 | – | – |
| Dato' Mustapha Bin Abd Hamid | 60,000 | 0.02 | – | – |

| | NUMBER OF WARRANTS | | | |
|---|---|---|---|---|
| | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Dato' Robin Tan Yeong Ching | 465,300 | 0.42 | – | – |
| Dato' Lee Kok Chuan | 356,300 | 0.32 | – | – |
| Tan Thiam Chai | 120,000 | 0.11 | – | – |
| Datuk Zainun Aishah Binti Ahmad | 32,000 | 0.03 | – | – |

**Ultimate holding company:**

**Berjaya Corporation Berhad**

| | NUMBER OF ORDINARY SHARES OF RM1.00 EACH | | | |
|---|---|---|---|---|
| | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Dato' Robin Tan Yeong Ching | 2,222,847 | 0.05 | 599,416,995 | 14.23 |
| | | | 5,000 # | 0.00 |
| Dato' Lee Kok Chuan | 24,000 | 0.00 | – | – |
| Tan Thiam Chai | 123,294 | 0.00 | 104,164 # | 0.00 |

| | NUMBER OF 0% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2005/2015 OF RM0.50 NOMINAL VALUE EACH | | | |
|---|---|---|---|---|
| | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Dato' Robin Tan Yeong Ching | – | – | 12,401,200 | 1.89 |
| Dato' Lee Kok Chuan | 22 | 0.00 | 17 # | 0.00 |

# STATEMENT OF DIRECTORS' SHAREHOLDINGS

as at 12 August 2013

### Berjaya Corporation Berhad

| | NUMBER OF 5% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2012/2022 OF RM1.00 NOMINAL VALUE EACH | | | |
|---|---|---|---|---|
| | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Dato' Robin Tan Yeong Ching | 2,620,500 | 0.38 | 87,029,000 | 12.51 |
| | | | 1,000 # | 0.00 |
| Dato' Lee Kok Chuan | 50,000 | 0.01 | – | – |
| Tan Thiam Chai | 20,600 | 0.00 | 17,400 # | 0.00 |

| | NUMBER OF WARRANTS | | | |
|---|---|---|---|---|
| | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Dato' Robin Tan Yeong Ching | 2,620,500 | 0.37 | 87,029,000 | 12.43 |
| | | | 1,000 # | 0.00 |
| Tan Thiam Chai | 20,600 | 0.00 | 17,400 # | 0.00 |

### Related companies:

### Berjaya Land Berhad

| | NUMBER OF ORDINARY SHARES OF RM0.50 EACH | | | |
|---|---|---|---|---|
| | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Dato' Robin Tan Yeong Ching | 600,000 | 0.01 | 56,600,000 | 1.14 |
| Tan Thiam Chai | 40,000 | 0.00 | – | – |

### Berjaya Sports Toto Berhad

| | NUMBER OF ORDINARY SHARES OF RM0.10 EACH | | | |
|---|---|---|---|---|
| | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Dato' Robin Tan Yeong Ching | 846,400 | 0.06 | – | – |
| Dato' Lee Kok Chuan | 56,333 | 0.00 | – | – |
| Tan Thiam Chai | 167,176 | 0.01 | 67,466 # | 0.01 |

# Denotes Indirect Interest pursuant to Section 134 (12) (c) of the Companies Act, 1965.

## SUBSTANTIAL SHAREHOLDERS AS AT 12 AUGUST 2013

| | NUMBER OF ORDINARY SHARES OF RM0.50 EACH | | | |
|---|---|---|---|---|
| NAME | DIRECT INTEREST | % | DEEMED INTEREST | % |
| Berjaya Group Berhad | 173,719,860 | 66.02 | 200,000 (a) | 0.08 |
| Berjaya Corporation Berhad | – | – | 173,919,860 (b) | 66.10 |
| Tan Sri Dato' Seri Vincent Tan Chee Yioun | 1,000,000 | 0.38 | 173,919,860 (c) | 66.10 |

(a) Deemed Interested by virtue of its deemed interest in Berjaya Philippines Inc.
(b) Deemed Interested by virtue of its 100% equity interest in Berjaya Group Berhad and its deemed interest in Berjaya Philippines Inc.
(c) Deemed Interested by virtue of his interest in Berjaya Corporation Berhad.

# STATISTICS ON SHARES AND WARRANTS
as at 12 August 2013

## ANALYSIS OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| less than 100 | 159 | 12.02 | 1,599 | 0.00 |
| 100 – 1,000 | 383 | 28.95 | 161,556 | 0.06 |
| 1,001 – 10,000 | 481 | 36.36 | 2,287,765 | 0.87 |
| 10,001 – 100,000 | 198 | 14.97 | 6,475,660 | 2.46 |
| 100,001 – 13,156,639 | 97 | 7.33 | 80,486,360 | 30.59 |
| 13,156,640* and above | 5 | 0.38 | 173,719,860 | 66.02 |
| **Total** | **1,323** | **100.00** | **263,132,800** | **100.00** |

Note: There is only one class of shares in the paid-up capital of the Company. Each share entitles the holder to one vote.

* Denotes 5% of the issued share capital of the Company.

## THIRTY (30) LARGEST SHAREHOLDERS

| | NAME OF SHAREHOLDERS | NO. OF SHARES HELD | % |
|---|---|---|---|
| 1 | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Berjaya Group Berhad (MX3666) | 50,500,000 | 19.19 |
| 2 | Cartaban Nominees (Tempatan) Sdn Bhd<br>Raiffeisen Bank International For Berjaya Group Berhad | 50,000,000 | 19.00 |
| 3 | Berjaya Group Berhad | 44,219,860 | 16.81 |
| 4 | Malaysia Nominees (Tempatan) Sendirian Berhad<br>Pledged Securities Account For Berjaya Group Berhad (01-00844-000) | 15,000,000 | 5.70 |
| 5 | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Berjaya Group Berhad | 14,000,000 | 5.32 |
| 6 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Universal Trustee (Malaysia) Berhad For CIMB Islamic Small Cap Fund | 5,277,700 | 2.01 |
| 7 | HSBC Nominees (Asing) Sdn Bhd<br>Exempt An For The Bank Of New York Mellon (Mellon Acct) | 5,113,800 | 1.94 |
| 8 | Maybank Nominees (Tempatan) Sdn Bhd<br>Maybank Trustees Berhad For CIMB-Principal Small Cap Fund (240218) | 3,704,500 | 1.41 |
| 9 | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Tan Sri Dato' Seri Tan Kok Ping | 3,500,000 | 1.33 |
| 10 | Lim Boon Liat | 3,470,000 | 1.32 |
| 11 | Koperasi Permodalan Felda Malaysia Berhad | 3,000,000 | 1.14 |
| 12 | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad For Hong Leong Growth Fund | 2,704,200 | 1.03 |
| 13 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt An For AIA Bhd | 2,439,880 | 0.93 |
| 14 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Universal Trustee (Malaysia) Berhad For CIMB-Principal Equity Fund | 2,111,700 | 0.80 |
| 15 | Maybank Nominees (Tempatan) Sdn Bhd<br>Maybank Trustees Berhad For MAAKL-CM Shariah Flexi Fund (270785) | 1,908,000 | 0.73 |

# STATISTICS ON SHARES AND WARRANTS
as at 12 August 2013

## THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

| | NAME OF SHAREHOLDERS | NO. OF SHARES HELD | % |
|---|---|---|---|
| 16 | Citigroup Nominees (Asing) Sdn Bhd<br>CGML IPB For Pedder Street Asia Absolute Return Master Fund Limited | 1,879,200 | 0.71 |
| 17 | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad For Hong Leong Penny Stock Fund | 1,852,500 | 0.70 |
| 18 | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd For Zurich Insurance Malaysia Berhad (Growth Fund) | 1,821,200 | 0.69 |
| 19 | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Lye Ek Seang (AL0101) | 1,800,000 | 0.68 |
| 20 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Universal Trustee (Malaysia) Berhad For CIMB-Principal Equity Fund 2 | 1,778,400 | 0.68 |
| 21 | Amanahraya Trustees Berhad<br>Public Smallcap Fund | 1,761,980 | 0.67 |
| 22 | SBB Nominees (Tempatan) Sdn Bhd<br>Manulife Insurance (Malaysia) Berhad – (Equity Fund) | 1,614,200 | 0.61 |
| 23 | SBB Nominees (Tempatan) Sdn Bhd<br>Manulife Insurance (Malaysia) Berhad – (Managed Fund) | 1,496,700 | 0.57 |
| 24 | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad For Hong Leong Strategic Fund | 1,293,200 | 0.49 |
| 25 | HLB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Wong Yee Hui | 1,260,000 | 0.48 |
| 26 | Amanahraya Trustees Berhad<br>Public Strategic Smallcap Fund | 1,194,720 | 0.45 |
| 27 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Universal Trustee (Malaysia) Berhad For CIMB-Principal Balanced Income Fund | 1,071,000 | 0.41 |
| 28 | Maybank Securities Nominees (Asing) Sdn Bhd<br>Exempt An For Maybank Kim Eng Securities Pte Ltd (A/C 648849) | 1,033,200 | 0.39 |
| 29 | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Tan Sri Dato' Seri Vincent Tan Chee Yioun (8087489) | 1,000,000 | 0.38 |
| 30 | Koperasi Permodalan Felda Malaysia Berhad | 1,000,000 | 0.38 |
| | | **228,805,940** | **86.95** |

# STATISTICS ON SHARES AND WARRANTS

as at 12 August 2013

## ANALYSIS OF WARRANT HOLDINGS

| SIZE OF WARRANT HOLDINGS | NO. OF WARRANT HOLDERS | % | NO. OF WARRANTS | % |
|---|---|---|---|---|
| less than 100 | 10 | 2.02 | 520 | 0.00 |
| 100 – 1,000 | 137 | 27.62 | 73,240 | 0.07 |
| 1,001 – 10,000 | 207 | 41.73 | 975,000 | 0.88 |
| 10,001 – 100,000 | 97 | 19.56 | 3,331,960 | 2.99 |
| 100,001 – 5,566,155 | 44 | 8.87 | 22,533,540 | 20.24 |
| 5,566,156* and above | 1 | 0.20 | 84,408,860 | 75.82 |
| **Total** | **496** | **100.00** | **111,323,120** | **100.00** |

* Denotes 5% of the Warrants outstanding.

## THIRTY (30) LARGEST WARRANT HOLDERS

| | NAME OF WARRANT HOLDERS | NO. OF WARRANTS HELD | % |
|---|---|---|---|
| 1 | Berjaya Group Berhad | 84,408,860 | 75.82 |
| 2 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Universal Trustee (Malaysia) Berhad For CIMB Islamic Small Cap Fund | 2,005,600 | 1.80 |
| 3 | Maybank Nominees (Tempatan) Sdn Bhd<br>Maybank Trustees Berhad For CIMB-Principal Small Cap Fund (240218) | 1,725,600 | 1.55 |
| 4 | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad For Hong Leong Growth Fund | 1,639,200 | 1.47 |
| 5 | Lim Boon Liat | 1,590,000 | 1.43 |
| 6 | Citigroup Nominees (Asing) Sdn Bhd<br>CGML IPB For Pedder Street Asia Absolute Return Master Fund Limited | 1,427,600 | 1.28 |
| 7 | Woon Chuan Keong | 1,388,000 | 1.25 |
| 8 | HLIB Nominees (Tempatan) Sdn Bhd<br>Hong Leong Bank Bhd For Lim Soon Aik | 1,000,000 | 0.90 |
| 9 | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd For Zurich Insurance Malaysia Berhad (Growth Fund) | 987,200 | 0.89 |
| 10 | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Yoong Yet Onn | 837,000 | 0.75 |
| 11 | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad For Hong Leong Penny Stock Fund | 727,200 | 0.65 |
| 12 | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Yap Swee Hang (100060) | 705,700 | 0.63 |
| 13 | Amanahraya Trustees Berhad<br>Public Strategic Smallcap Fund | 695,120 | 0.62 |
| 14 | HLB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Wong Yee Hui | 560,000 | 0.50 |
| 15 | Thye Mooi Lee | 520,000 | 0.47 |

## THIRTY (30) LARGEST WARRANT HOLDERS (CONTINUED)

| | NAME OF WARRANT HOLDERS | NO. OF WARRANTS HELD | % |
|---|---|---|---|
| 16 | Lim Sew Muei | 512,000 | 0.46 |
| 17 | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Ling Choo Kong | 500,000 | 0.45 |
| 18 | Dato' Robin Tan Yeong Ching | 465,300 | 0.42 |
| 19 | Tee Yoke Seng | 378,000 | 0.34 |
| 20 | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Ling Choo Kong (E-KLC) | 350,000 | 0.31 |
| 21 | Amanahraya Trustees Berhad<br>Public Smallcap Fund | 338,080 | 0.30 |
| 22 | RHB Nominees (Tempatan) Sdn Bhd<br>Amara Investment Management Sdn Bhd For Wong Yee Hui | 310,000 | 0.28 |
| 23 | HLIB Nominees (Tempatan) Sdn Bhd<br>Hong Leong Bank Bhd For Yew Hong Hong | 288,000 | 0.26 |
| 24 | Dato' Lee Kok Chuan | 276,300 | 0.25 |
| 25 | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Sau Ee Liong | 264,000 | 0.24 |
| 26 | HLIB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Low Kiam Swee (CCTS) | 250,000 | 0.23 |
| 27 | HLIB Nominees (Tempatan) Sdn Bhd<br>Hong Leong Bank Bhd For Soon Chee Shyang | 250,000 | 0.23 |
| 28 | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Yap Koon Teck | 242,300 | 0.22 |
| 29 | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd For Zurich Insurance Malaysia Berhad (Balanced Fund) | 204,440 | 0.18 |
| 30 | Siew Lip Sung | 181,900 | 0.16 |
| | | **105,027,400** | **94.34** |

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of Berjaya Food Berhad will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 10 October 2013 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the audited financial statements of the Company for the year ended 30 April 2013 and the Directors' and Auditors' Reports thereon. **Resolution 1**

2. To approve the payment of Directors' fees amounting to RM60,000 for the year ended 30 April 2013. **Resolution 2**

3. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association:-

   (a) Dato' Robin Tan Yeong Ching **Resolution 3**

   (b) Datuk Zainun Aishah Binti Ahmad **Resolution 4**

4. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

5. As special business:-

   (a) To consider and, if thought fit, pass the following Ordinary Resolutions:-

   **(i) AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

   **(ii) PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

   "THAT, subject to the provisions of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties, as specified in Section 2.3 of the Circular to Shareholders dated 18 September 2013 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such mandate shall continue to be in force until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which the ordinary resolution for the Proposed Mandate will be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution." **Resolution 7**

**(iii) PROPOSED AUTHORITY TO PURCHASE ITS OWN SHARES BY THE COMPANY**

"THAT, subject always to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Exchange") and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company ("BFood Shares") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

(1) the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total issued and paid-up share capital of the Company;

(2) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits or share premium reserve of the Company or both;

(3) the authority shall commence immediately upon passing of this ordinary resolution until:-

(a) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next annual general meeting after that date it is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT upon completion of the purchase(s) of the BFood Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BFood Shares so purchased by the Company in the following manner:-

(a) cancel all the BFood Shares so purchased; or

(b) retain all the BFood Shares as treasury shares for future re-sale or for distribution as dividend to the shareholders of the Company; or

(c) retain part thereof as treasury shares and subsequently cancelling the balance; or

(d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force." **Resolution 8**

(b) To consider and, if thought fit, to pass the following Special Resolution:-

**PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION**

"THAT the proposed amendments to the Company's Articles of Association contained in Appendix II of the Circular to Shareholders dated 18 September 2013 be and is hereby approved and adopted." **Resolution 9**

By Order of the Board

**SU SWEE HONG**
Secretary

Kuala Lumpur
18 September 2013

**NOTES:**

**(A) Appointment of Proxy**

(i) A member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(ii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account.

(iii) The instrument appointing a proxy, shall be in writing under the hands of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation, under its common seal, or the hand of its officer or its duly authorised attorney.

(iv) The instrument appointing a proxy must be deposited at the Company's Registered Office, Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

(v) Depositors whose names appear in the Record of Depositors as at 3 October 2013 shall be regarded as members of the Company entitled to attend the Annual General Meeting or appoint proxies to attend on their behalf.

**(B) Special Business**

(i) Resolution 6 is proposed for the purpose of granting a general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Third Annual General Meeting held on 9 October 2012 and which will lapse at the conclusion of the Fourth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

(ii) Resolution 7, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate"). Detailed information on the Proposed Shareholders' Mandate is set out in Circular to Shareholders dated 18 September 2013 which is despatched together with the Company's 2013 Annual Report.

(iii) Resolution 8, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back"). Detailed information on the Proposed Share Buy-Back is set out under Part B of the Circular to Shareholders dated 18 September 2013 which is despatched together with the Company's 2013 Annual Report.

(iv) Resolution 9, if passed, will bring the Company's Articles of Association to be in line with the recent amendments prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The relevant information on this resolution is set out under Part C of the Circular to Shareholders dated 18 September 2013 which is despatched together with the Company's 2013 Annual Report.

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# FORM OF PROXY

**BERJAYA FOOD BERHAD**
(Company No. 876057-U)

I/We ______________________________________________
*(Name in full)*

I.C. or Company No. ______________________ CDS Account No. ______________________
*(New and Old I.C. Nos.)*

of ______________________________________________
*(Address)*

being a member/members of BERJAYA FOOD BERHAD

hereby appoint ______________________ I.C No. ______________________ of
*(Name in full)* *(New and Old I.C. Nos.)*

______________________________________________
*(Address)*

or failing him/her ______________________ I.C No. ______________________ of
*(Name in full)* *(New and Old I.C. Nos.)*

______________________________________________
*(Address)*

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the Fourth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 10 October 2013 at 10.00 a.m. and any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "**X**" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

| | | FOR | AGAINST |
|---|---|---|---|
| RESOLUTION 1 | To receive and adopt the Audited Financial Statements. | | |
| RESOLUTION 2 | To approve payment of Directors' Fees. | | |
| RESOLUTION 3 | To re-elect Dato' Robin Tan Yeong Ching as Director. | | |
| RESOLUTION 4 | To re-elect Datuk Zainun Aishah Binti Ahmad as Director. | | |
| RESOLUTION 5 | To re-appoint Auditors. | | |
| RESOLUTION 6 | To approve authority to issue and allot shares. | | |
| RESOLUTION 7 | To renew shareholders' mandate for Recurrent Related Party Transactions. | | |
| RESOLUTION 8 | To approve authority to purchase its own shares by the Company. | | |
| RESOLUTION 9 | To amend the Company's Articles of Association. | | |

| NO. OF SHARES HELD |
|---|
| |

______________________________
Signature of Member

Dated this ______________ day of ______________ 2013.

Notes:

(1) A member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(2) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account.

(3) The instrument appointing a proxy, shall be in writing under the hands of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation, under its common seal, or the hand of its officer or its duly authorised attorney.

(4) The instrument appointing a proxy must be deposited at the Company's Registered Office, Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

(5) Depositors whose names appear in the Record of Depositors as at 3 October 2013 shall be regarded as members of the Company entitled to attend the Annual General Meeting or appoint proxies to attend on their behalf.

Fold this flap for sealing

Affix Stamp

THE COMPANY SECRETARY
**BERJAYA FOOD BERHAD**
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1 JALAN IMBI
55100 KUALA LUMPUR

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1st fold here

# GROUP ADDRESSES

**Berjaya Food Berhad**
Lot 13-01A, Level 13 (East Wing),
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur.

Tel: 03-2149 1999
Fax: 03-2143 1685
www.berjaya.com

**PT Boga Lestari Sentosa**
Sentosa Building Bintaro Jaya CBD,
Jl Prof Dr Satrio Blok B7 No. 6,
Bintaro Jaya, Sektor 7, Tangerang,
15224 Indonesia.

Tel: +62 21 7486 7138
Fax: +62 21 7486 7168

**Jollibean Foods Pte Ltd, Singapore**
No. 63 Ubi Avenue 1,
#07-06, Boustead House,
Singapore 408937.

Tel: +65 6746 3877
Fax: +65 6746 8802

**Berjaya Roasters (M) Sdn Bhd**
Lot 09-16, Level 9 (East Wing),
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur.

Tel: 03-2119 9888
Fax: 03-2142 7688

**Berjaya Jollibean (M) Sdn Bhd**
Lot 9-10, Level 9 (East Wing),
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur.

Tel: 03-2119 9888
Fax: 03-2143 4085

**Berjaya Starbucks Coffee Company Sdn Bhd**
Lot 10-04, Level 10 (West Wing),
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur.

Tel: 03-2052 5888
Fax: 03-2052 5889

**The Company Secretary**
Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur.

Tel: 03-2149 1999
Fax: 03-2143 1685